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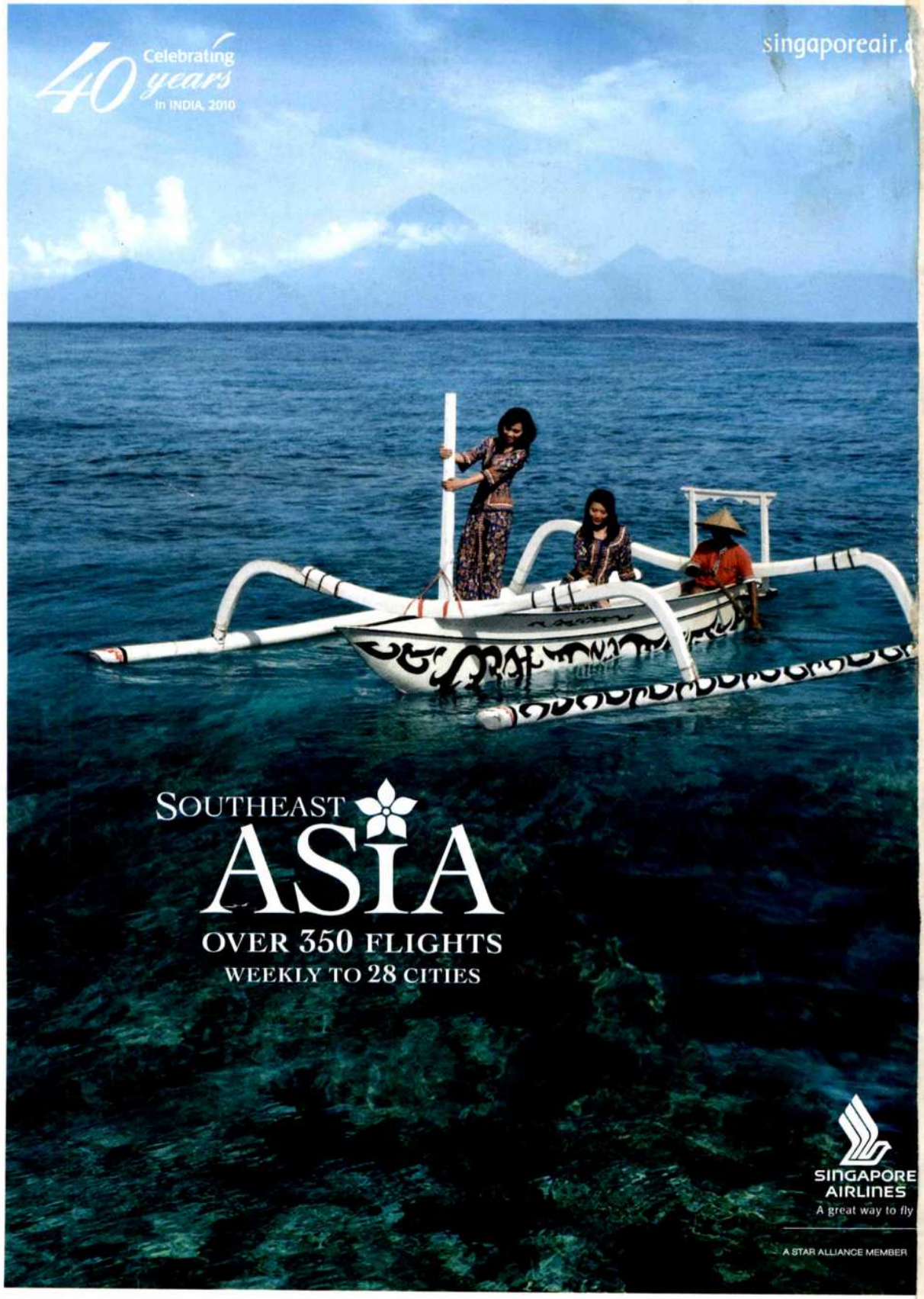

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From the Editor

Have you heard the story about Warren Buffett, the 215 millionaires, and the coin-flipping orangutans? It takes some telling and you will have to buy a biography of the Sage of Omaha to read it. The point the world's canniest investor made (in 1984) was that markets are not efficient, stocks are not all priced correctly, and the people who consistently beat the market cannot simply be lucky. We all wish we had a stock-trading algorithm that would guarantee rich dividends, or that we had bought into that IPO which multiplied a thousand-fold. The truth is that the BSE Sensitive Index is up only three per cent this year. Only 37 per cent of 7,882 listed scrips were traded on the BSE in 2009-10. A McKinsey-FICCI study a few months ago said there is huge space for retail equity trading expansion in smaller cities and towns: the top 10 cities account for 90 per cent of total stock trading volume and 78 per cent of mutual fund ownership. And retail investors own only about 10 per cent of the stock of India's top 25 corporations. The best estimates say only 25 million Indians are invested in mutual funds.

Perhaps caution is in order. Another McKinsey study this month says equity analysts globally have on average been over-optimistic — their earnings growth estimates over the past quarter century were about twice the actual results. So, is the only true guide your finger in the air? That might be the case in India, where day traders account for about 90 per cent of transactions, meaning they cash out every day and shy away from portfolios.

Does that faze our most intrepid fund managers? Not at all, if you read about them in this edition's cover package. They are good because [redacted] make you money, and they make you money because they know how to read the tea leaves. We know them by name but not by face as they wave their wands over the witches' brew.

Don't forget that the BSE is Asia's oldest stock exchange. That is why another smart investor, George Soros, wants to buy a stake in the bourse from Dubai Holdings. Dubai may want to bail out, but Singapore's Temasek Holdings bought a five per cent stake in the National Stock Exchange in May. So Mumbai has its ambitions about being a major financial centre, too. When Standard Chartered Bank raises funds in Mumbai, or Britain's finance minister flies there on the first leg of a "Woo India" trip, there is a drawing in of breath, a surge of Bombay Dreams. Our special report on Mumbai could have been headlined "If Only". We prefer "Slowly, But Surely".

Like everybody else, we love getting the inside dope on somebody who's ambitious, aggressive, and successful. The Sandeep Goyal/ Dentsu profile packs in a lot on the coruscated world of Indian advertising. One of Dentsu's campaigns is the *Dilli Ki Beti* civility effort. Good luck to them — we needed a new twist on the capital's motto: "How may I be of disservice?"

Chaitanya Kalbag

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Fortune in Farms

Betting on Farms (BT cover, August 8) points to the shift in agriculture. Greater diversity of products, large investments and creation of infrastructure like cold storage and refrigerated transportation, etc. are bringing about structural changes in the sector, which is now set to make an even bigger leap with the help of IT and biotech. **Vineet Madhukar**, *Delhi.*

Towards Greener Pastures

Supply-demand mismatch of agri products is pushing prices northward. As your story points out, price increases will enhance the profitability of agriculture and spur money to flow into the sector. But arable land is limited in supply. So it makes good business sense for Indian companies to buy land overseas — around Oromia and Addis Ababa in Ethiopia, Port Sudan, Khartoum and Suwakin in Sudan, and Nairobi in Kenya — where land is still cheap. **Alok Rai**, *Chennai*

Farm Fallacy

The views *Betting on Farms* offers cut too close to the thinking of the government and corporates. As a result, the views are skewed because you have intentionally or unwittingly mixed up what is good for business and what is good for India (not the same thing necessarily). For instance, cold storage is not the only answer to prevent food wastage. But it is a sure way to create business opportunity, increase costs of produce and spike consumption of fossil fuels. Agriculture offers great business opportunities but we should ensure those opportunities help our small and marginal farmers. **Karan Manral**

Tax Travails

E-filing of tax returns is undoubtedly a blessing (*The Easy Way to File Tax Returns*, BT, July 25). But one comes across certain difficulties when trying to take print-outs of online forms for paper filing. The number of printed pages are much in excess of the actual number of pages online. For example, Form IV, which shows 20 pages online, adds up to 36 pages when printed. The IT department should fix this software design glitch. **Mahesh Kapasi**, *Delhi*

Corrections & Clarifications

We are grateful for your story *Getting a Handle on Poverty* (BT, July 25), which highlights the model developed by "Hand in Hand". The story mentions Percy Barnevik as the founder of Hand in Hand. However, the organisation was started by three locals in 2002 and not by Barnevik as reported. Hand in Hand appreciates the great support Mr Barnevik is lending it as a major donor and but for his strategic guidance and support, we would not have reached the scale of operation we have achieved in this short span of five years.

Kalpana Sankar, CEO, Hand in Hand

In the BT-Nasscom Roundtable (July 25), the designation of Raman Roy should have been Chairman and Managing Director, Quattro BPO Solutions.

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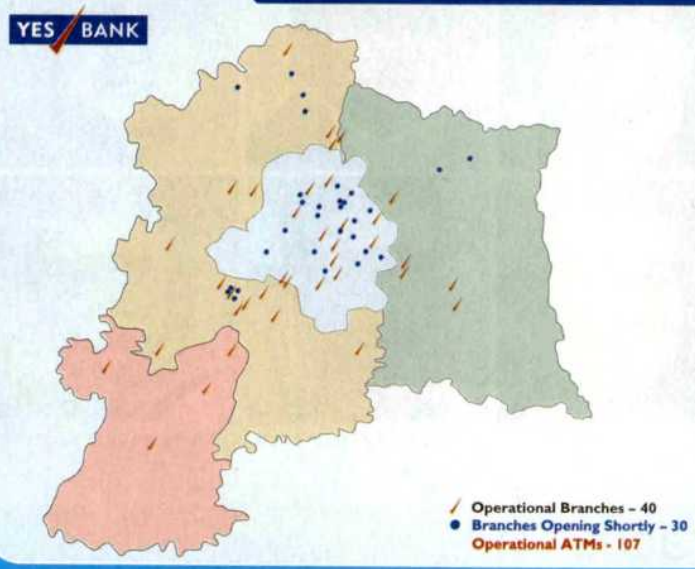

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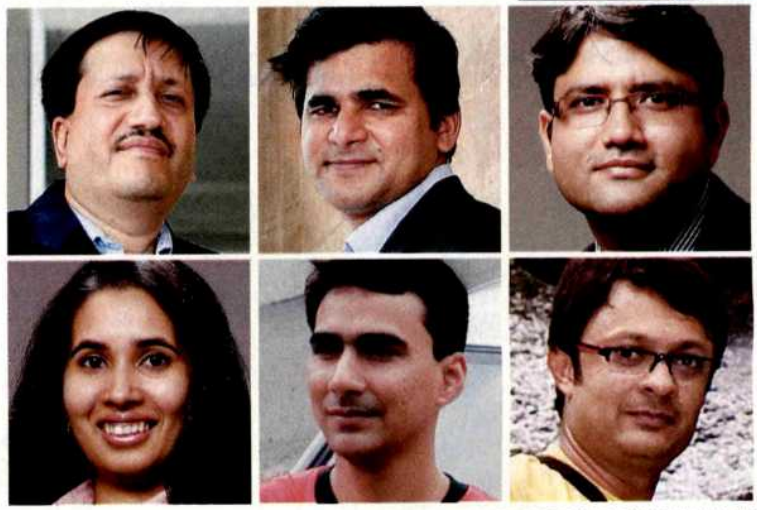

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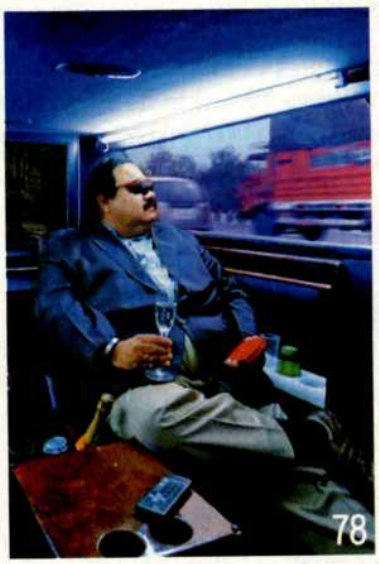

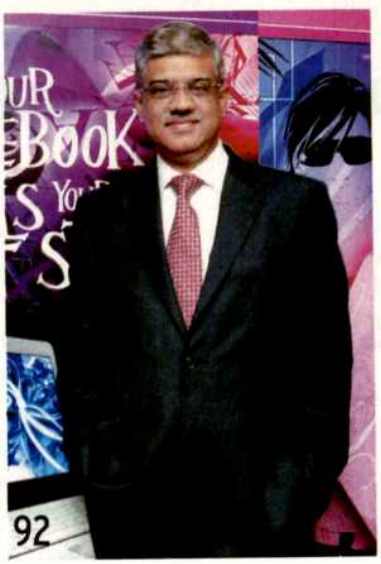

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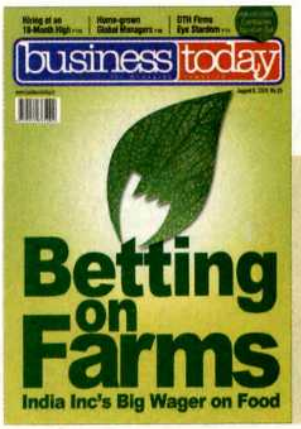

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ILLUSTRATIONS BY ALANKAR

Indulging the Big Fish

SEBI's proposed new takeover code could skew the regulatory framework in favour of big companies, argues Uday Kotak.

The Securities and Exchange Board of India's new takeover code for mergers and acquisitions has suggested some welcome changes, and in many ways aligns our regulatory framework with global best practices. I don't see the proposals favouring any one particular set of players in the game, whether acquirer, acquiree or investor. Yet, frankly there are some glaring shortcomings — and unless the policy makers realise this, the proposals will be seen only as half measures. Here I will focus on the two most radical suggestions of SEBI's C. Achuthan panel.

First and foremost, we need to make sure that the code necessarily aligns with the policy of financing takeovers in India. This is a big con-

cern because global companies today have access to offshore financing whereas the Indian acquirers are handicapped because of the Reserve Bank of India's caps on bank funding of takeovers. As things stand today, Indian acquirers will find it tougher to raise finances for a takeover bid, which is a concern. While you could say that this would only encourage the serious players, it could also mean that only the big Indian companies would be able to play the game now. Therefore, I feel we must make sure that our norms on takeover financing are eased in line with the global trends. This would give the Indian banks some headroom to support mergers and acquisitions (M&As) in the country.

Secondly, increasing the trigger limit for an open offer to 25 per cent from the earlier 15 per cent and also raising the statutory open offer to 100 per cent in the target company are no doubt steps in the right direction. It is pretty much in line with global regulations and would allow investors and shareholders to exit fully if there is a takeover bid. Let me illustrate this with the example of the Ranbaxy-Daiichi Sankyo open offer two years ago. Here, the promoter family sold their entire 34.82 per cent stake at Rs 737 per share to the Japanese company, which needed to garner another 20 per cent from the remaining 65 per cent shareholding in the company based on the takeover norms. So, a small investor with 100 shares ended up tendering around a proportionate 33 shares at a price of Rs 737 in the open offer. The balance 67 shares remain with the investor as he's not allowed to tender more. So, today the investor would probably still be left with those 67 shares of Ranbaxy with the market price falling to between Rs 450 and Rs 500. This is two years later! If the new code was in place at the time of Ranbaxy-Daiichi Sankyo deal, a shareholder would have tendered all his 100 shares at Rs 737 per share.

And finally, there is another proposal that is a bit skewed in favour of the investors rather than the acquirer. The takeover code says if the acquirer ends up with between 75 and 90 per cent, it has to take necessary steps to sell down the stake in the open market to remain at 75 per cent. The acquirer may book substantial losses as it would have paid a huge premium in the open offer.

Uday Kotak is Executive Vice Chairman & Managing Director of Kotak Mahindra Bank
(As told to BT's Anand Adhikari)

WELL BEGUN, HALF DONE

SEBI needs to do more to encourage M&As.

RADICAL CHANGES PROPOSED...

- Open offer trigger increased to 25% from the current 15%
- Offer size itself increased to 100%, or the entire equity of the target company

... WHICH IS IN SYNC WITH GLOBAL BEST PRACTICES...

- Small shareholders stand to benefit as they will be able to sell all their shares
- Higher threshold will allow companies to buy more shares without making an open offer

... BUT CONCERNS REMAIN

- Buying out companies will become expensive, which could mean fewer takeovers
- The RBI cap on bankrolling takeovers works in favour of the big companies

WORDSMITH

(NEW WORDS IN BUSINESS)

Cobweb

kawb-web

What it means: A website that has not been updated for such a long time that it has grown cobwebs, figuratively speaking.

Origin: The word became popular in the late nineties and even made an appearance in the

Rebooting Inflation

To better capture the price swings in the economy, the government will soon migrate to a new index to measure inflation.

What will change

Currently, a basket of 435 commodities ranging from food items such as rice and wheat to petroleum products and medicines, is used in the Wholesale Price Index (WPI) to determine inflation. To make the index more relevant, over 250 new items, such as mineral water, cellphones, perfumes, digital cameras, computer stationery, LCD TVs, among others, will figure in the new index. Most of these would fall in the manufacturing and transportation basket. The new inflation series will do away with close to 25 obsolete items like typewriters and video cassette recorders. Also, the base year of the new index would be shifted from 1993-94 to 2004-05.

Why the change

The new inflation series will better reflect the prevailing price trends and will be more useful for policymakers, including mandarins in the Reserve Bank and Finance Ministry. "We have sent our recommendations to the Central Statistical Organisation, which is evaluating the series. It will reflect the true picture of the price movement in the economy," says M.C. Singhi, Economic Adviser at the Ministry of Commerce and Industry.

The likely impact

Experts think that switching the base year would result in inflation going up by about one percentage point but the Consumer Price Index (CPI) may be more relevant for consumers. "The new WPI will not include the services sector. The upgraded CPI inflation data series will give a more realistic picture," says D.K. Joshi, Chief Economist at CRISIL rating agency.

MANU KAUSHIK

hacker slang dictionary, *Jargon File*, in 1999. The word has become more widely used over the past year.

Current usage: It's easy to start a website. But unless you keep working on it, chances are that it would soon become a cobweb.

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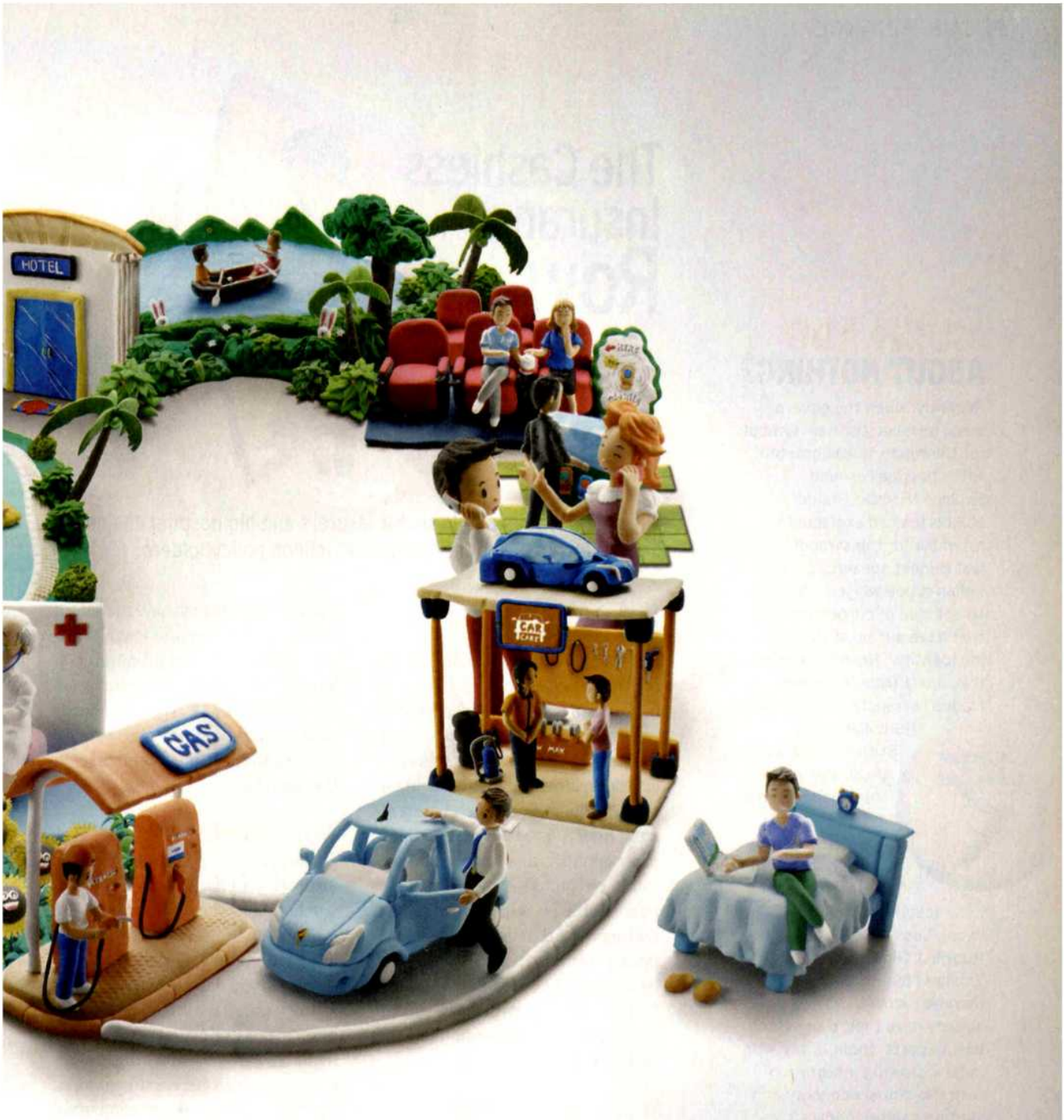

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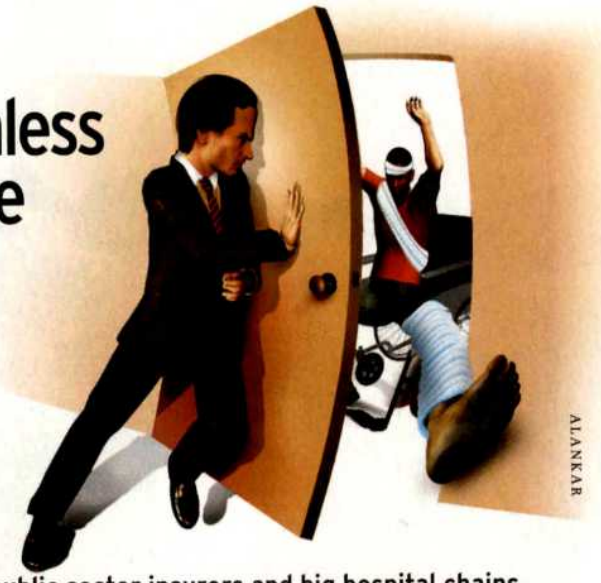
VISA DEBIT

MUCH ADO ABOUT NOTHING?

Recently, when the government unveiled the new symbol for the rupee, it was greeted with cheers all around. Finance Minister Pranab Mukherjee had explained the rationale for the symbol in his last Budget speech: "... the Indian rupee will join the select club of currencies... that have a clear, distinguishing identity." Really? Consider this: apart from the most-traded currencies such as the US dollar, euro, British pound and Japanese yen, currencies from a host of small countries – Costa Rica (colón), Cuba (pesos), Ghana (cedi), South Korea (won), Laos (kips), Mongolia (tugriks), Nigeria (nairas), Thailand (baht), Ukraine (hryvnia), among others, already have their own symbols.Experts, though, say with India's growing integration with the global economy and surging capital inflows it makes sense to have a currency symbol. Explains Sachchidanand Shukla, Chief Economist, Enam Securities: "India has emerged as a global economic power and a currency symbol will surely reflect India's strength on the global map."

– MK

The Cashless Insurance Row



ALANKAR

The spat between public sector insurers and big hospital chains has serious implications for over 30 million policyholders.

What's cashless health insurance

Each person covered under such a policy is issued a health/identity card. In the cashless system, a policyholder can walk into a hospital listed with the insurer, give the card number and get the treatment without having to stand at the cash counter. For treatment in non-listed hospitals, a third-party administrator's (TPA's) authorisation is required. A TPA verifies your policy details on behalf of the insurer and approves the cashless services. A health insurance policy can be taken by an individual for himself and his family. A company can also take a group policy for its employees and their families.

What has changed now

Recently, four public sector health insurance players — Oriental Insurance, National Insurance, United India Insurance and New India Assurance — decided to withdraw cashless service to 150-odd hospitals, including big names across New Delhi, Mumbai, Chennai and Bangalore, such as Apollo Hospitals, Max Hospitals, Fortis, Breach Candy and Lilavati. The insurance companies argue that leading corporate hospitals overbill, knowing that the patient is insured. They claim to have shelled out Rs 6,991 crore towards claim settlement while the total premium collected in the last two financial years was only Rs 6,734 crore. The public health insurance firms have over 60 per cent share of the total market in this segment.

What it means for you

Customers with policies from public insurers must find out the list of delisted hospitals. This information is also available on the websites of the insurance companies. For the deli-sted hospitals, you will have to hark back to the earlier practice of paying the hospital first and claiming reimbursement later from the insurance company against proper documentation. Even then you may not be reimbursed the entire amount.

What lies ahead

Talks are on between the insurance firms and de-listed hospitals to resolve the impasse. So far, PSU insurers maintain that they will discontinue the cashless facility to several hospitals. Experts believe that the likely solution will have hospitals re-negotiating charges for various treatment procedures with insurers.

MANU KAUSHIK

imageRUNNER ADVANCE

Canon

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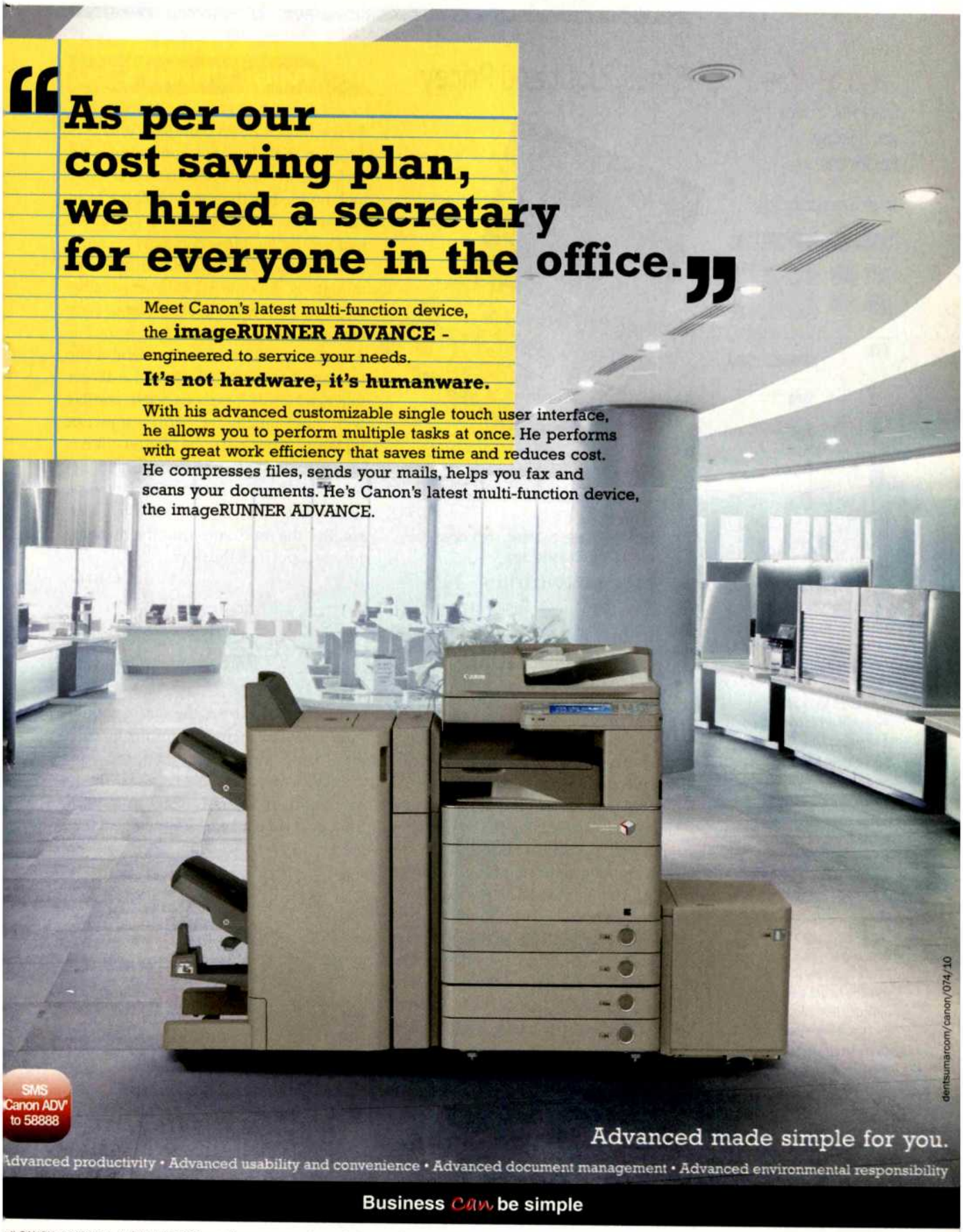

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Website

A site which gives you exercise tips for free

Workoutz.com

Too lazy to join a gym? Don't maintain regular enough hours to call a yoga instructor? Would rather die than watch a Bollywood starlet's workout video? If you answered yes to all these and have a fast-enough Internet connection at home, do take a look at this website. It is free to use and gives you access to a whole host of exercise videos, from hardcore bodybuilding workouts to light aerobic training and yoga positions. It helps that the rather confounding exercise names such as "Reverse Leg Kicks with 0-loop Resistance" and "Crab Walk" are matched with the target area and difficulty level. Best of all, it costs nothing, though they do try to push their resistance bands on you. –KM

An ultra-light laptop with heavy-duty performance and an iPad competitor

Small, Light and Pricey

Fujitsu Lifebook S760

⊕ Incredibly light for the level of performance it delivers

⊖ Battery life could be better. The look and feel do not justify the price tag

Price: Rs 102,000 (plus taxes)

If you must have an ultra-light Windows laptop that does not compromise on performance, and if price is not an issue, look no further than this machine from Fujitsu. The Lifebook S760 is one of six laptops the Japanese company recently launched in India, all with in-built 3G, though by the time 3G data services become available either late this year or early next year, this machine would be out of date. The scroll wheel to the right of the touchpad is a nice touch, but a larger touchpad would have been better, possibly with multi-touch. The S760 is a perfect laptop to work with, but battery life is limited thanks to its ultra-low weight (one-and-a-half kg). It's the smallest laptop we have seen with Intel's beefy new i5 processor. But the problem is that the machine just does not look the price.

KUSHAN MITRA

Nice, But Not Quite There...

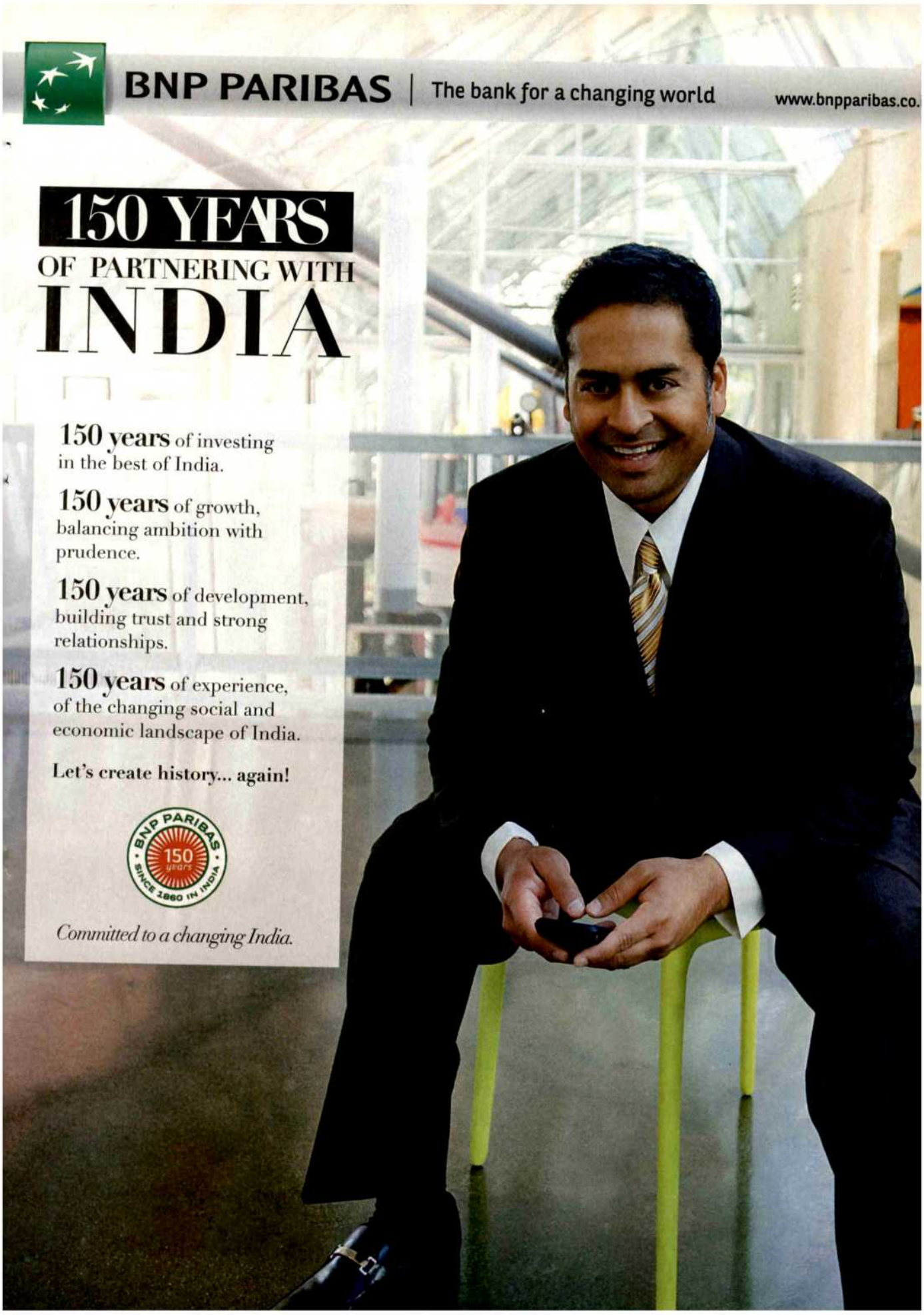
OlivePad VT100

Make no mistake, this is not an iPad, and frankly it does not do the 'clone' thing very well either. Still, this is a rather nice piece of hardware. A seven-inch 800 by 480 pixel resolution touch screen, evidently not multi-touch, that runs Android version 1.6. It has connectivity to the mobile phone network through a SIM card slot and is ready for 3G networks. It allows you to make calls even though this feels like a very large phone, and also supports Wi-Fi. But it does not have much internal storage. It works well on India's relatively data-clogged 2.5G networks. It is surprisingly heavy — perhaps a result of its decent battery life. But we do have a couple of quibbles. The first is the lack of a multi-touch screen. Then, it's running an older build of Android. That said, the most critical aspect of the device will be its price, which has not been announced, though it is likely to be around Rs 25,000.

KM

⊕ Tablet form factor is cool, allows you to make calls, is 3G-ready

⊖ Heavy, not multi-touch, runs older version of Android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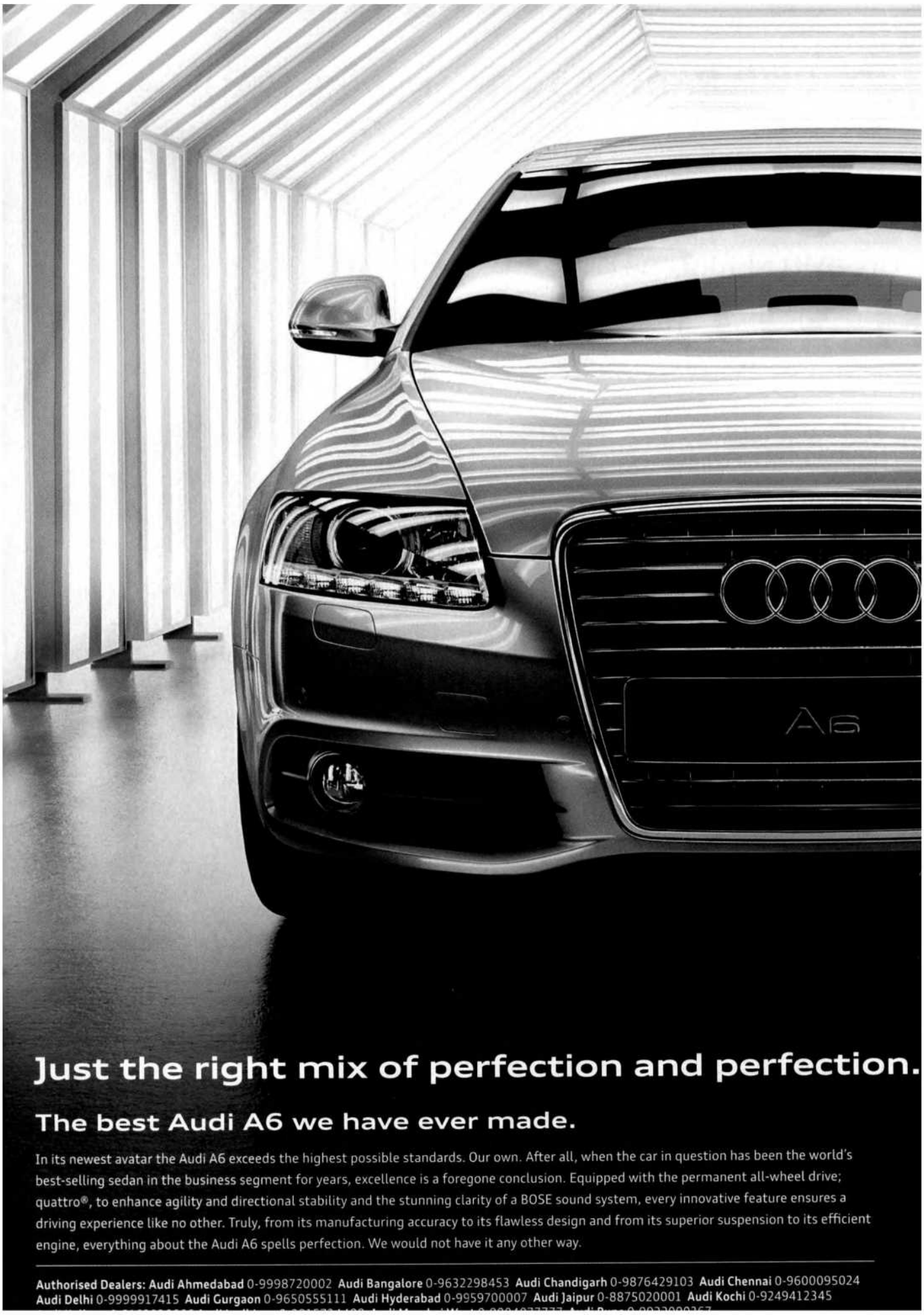

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In the Spotlight

S.D. SHIBULAL

The Chosen One

ALANKAR

Infosys co-founder and chief software architect N.R. Narayana Murthy has given his backing to the ascension of S.D. Shibulal, the current Chief Operating Officer and a co-founder, to the CEO's job sometime in the middle of next year. This promotion will be a stern test for the 54-year-old. While current CEO S. Gopalakrishnan guided Infosys through its toughest period, he also moulded it into a $5-billion entity. But, with the linear IT services model maturing quickly and rapid growth based on cost alone becoming harder to achieve, Shibulal will have to fashion a new growth plan for Infosys. It's a big ask, but the Infosys family, including Murthy himself, feels he is the man for the job.

RAHUL SACHITANAND

Well Said

All great organisations have to develop the "and-and" skills. You have to defend and attack; you have to grow share and grow market development.

Harish Manwani
Chairman, Hindustan Unilever Ltd, in Mint

If one can't meet the fund requirements, then one should not acquire companies in the first place.

C Achuthan
Chairman, SEBI Takeover Code Committee, responding to criticism that the new code would favour foreign acquirers and big companies

In our estimate, there will not be a double-dip recession... we are now seeing reasonably sound indications that discretionary spending is back.

Azim Premji
Chairman, Wipro, while speaking on the business climate for IT services firms after declaring his company's first quarter results, to Agencies

CLASSIC BUSINESS QUOTE

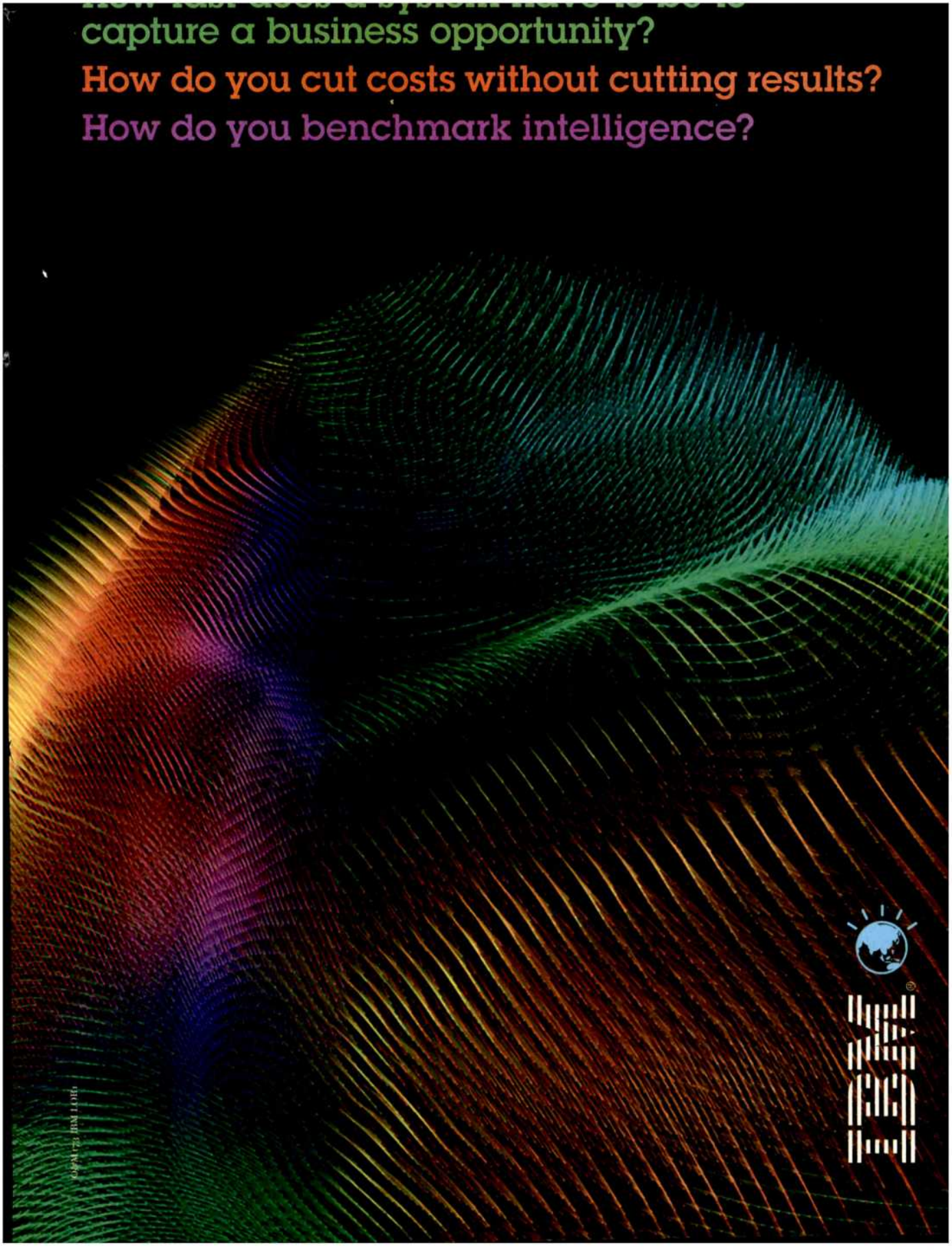
The true entrepreneur is a doer, not a dreamer.

Nolan Bushnell, *founder of Atari, the interactive entertainment software pioneer*

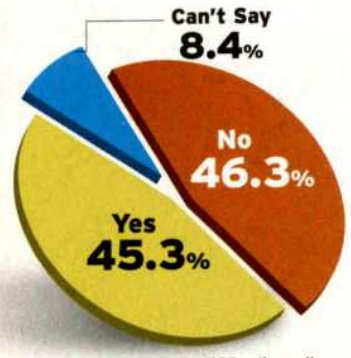
capture a business opportunity?

How do you cut costs without cutting results?

How do you benchmark intelligence?



Will rate hikes by the RBI cool inflation?



Results of BT online poll;
No. of respondents: 195

For most of us, rising interest rates are never a welcome proposition. It means our housing and car loans become costlier. Inflation, too, is equally undesirable and we'd welcome any initiative to curtail it. It's what psychologists call the approach-avoidance conflict. This ambivalence is perhaps reflected in our poll, with respondents split equally.

Demand side pressures are noticeable now but any steep increase in rates may well be avoidable. Finance Minister Pranab Mukherjee is already talking about the imperative to sustain high growth to fight poverty. Inflation is expected to taper off by year-end, largely due to the base effect coming into play. But it will be a tightrope walk for the central bank all the same.

Next poll question:

Will the proposed new takeover code adversely impact M&As in India?

Log on to www.businesstoday.in to cast your vote

BT-CARMA

CEO Watch

INDIA'S AND THE WORLD'S MOST TALKED-ABOUT CEOs IN JULY

Mukesh Ambani

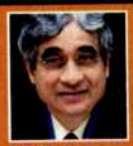
ALANKAR

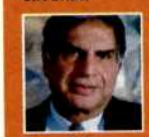
Yet again, the Ambani brothers have retained the top two slots. Mukesh Ambani pipped his younger sibling Anil largely due to the coverage of the annual general meeting of Reliance Industries Ltd (RIL). The senior Ambani's statement on RIL's business expansion strategy overseas grabbed media attention in particular.

Ratan Tata, too, was in the news — once again over succession plans at the Tata Group. His statement in a pink daily that he "wants to move on and give others a chance to take his place" received widespread coverage. He is at the third spot on our list.

P32407

TOP 10 INDIAN CEOs


O.P. Bhatt


Ratan Tata

Rank	CEO/Company	No. of Stories	
1	Mukesh Ambani | RIL	77	▲
2	Anil Ambani | ADAG	38	▼
3	Ratan Tata | Tata Group	35	▲
4	O.P. Bhatt | SBI	28	▼
5	S. Gopalakrishnan | Infosys	16	▲
6	Chanda Kochhar | ICICI Bank	15	NEW
7	Sanjay Aggarwal | ex-SpiceJet	12	NEW
8	M.D. Mallya | Bank of Baroda	10	NEW
9	N. Chandrasekaran | TCS	9	NEW
10	Deepak Parekh | HDFC	8	▼

TOP 10 GLOBAL CEOs

Tony Hayward

Rupert Murdoch

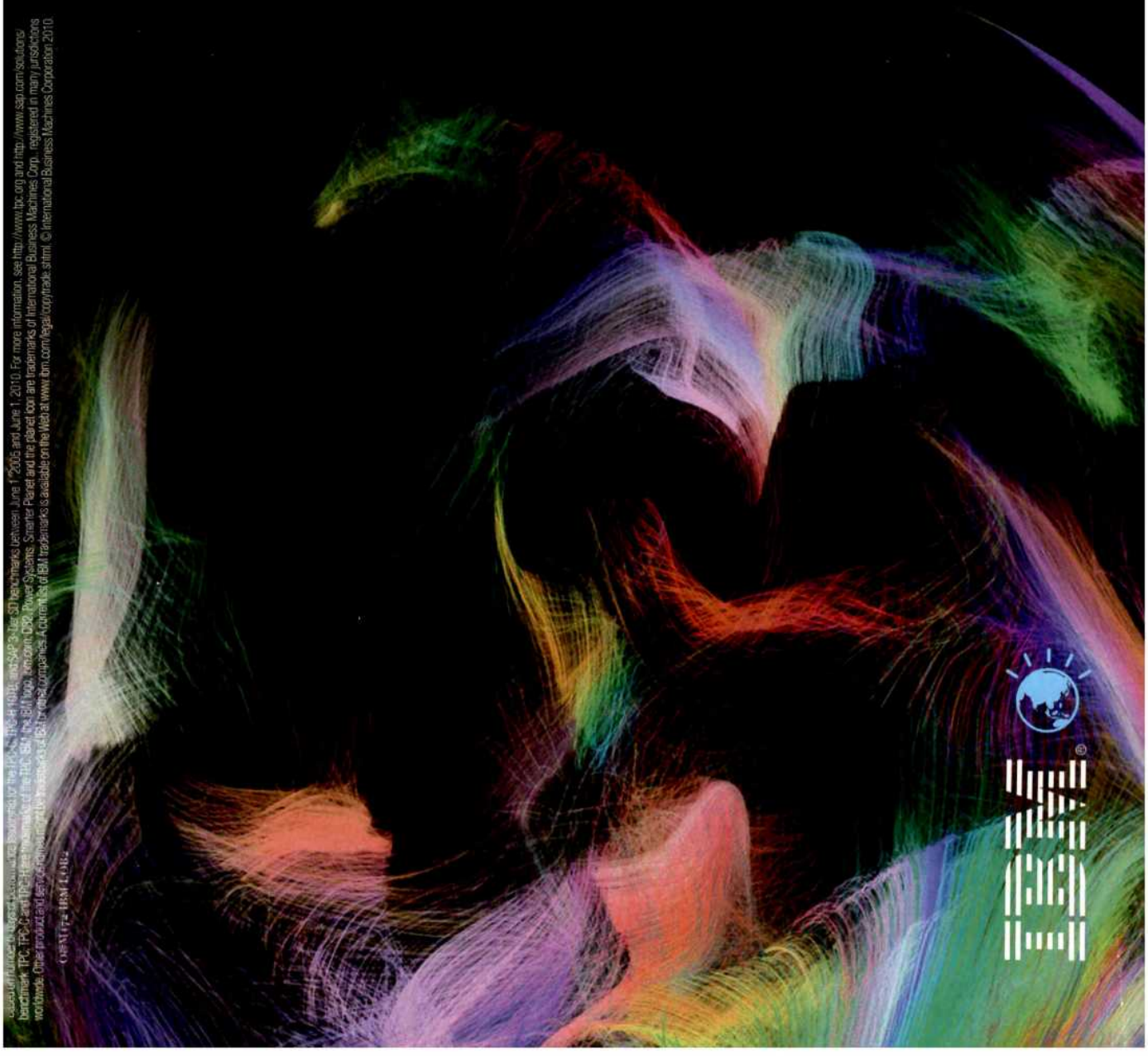
Rank	CEO/Company	No. of Stories	
1	Tony Hayward* | BP	217	–
2	Rupert Murdoch | News Corp.	70	NEW
3	Steve Jobs | Apple Inc.	51	▲
4	Warren Buffett | Berkshire Hathaway	50	▼
5	Mukesh Ambani | RIL	39	–
6	Eric Schmidt | Google	29	NEW
7	Jeff Immelt | GE	27	NEW
8	Marius Kloppers | BHP Billiton	26	▼
9	David Thodey | Telstra	22	NEW
10	Edward E. Whitacre |GM	22	NEW

* At the time of going to press, Tony Hayward had stepped down from the post

It's time to ask smarter questions.

What exactly does a benchmark mean? For the last five years, IBM DB2® on Power Systems™ has ranked first on three of the industry's leading performance benchmarks, longer than Oracle and Microsoft combined.! But is that the best way to think about the possibilities of technology? What really matters isn't some abstract measure of performance, it's what companies actually do with that performance. For instance, Globe Telecom is using a service delivery platform from IBM to increase their sales by 112%. EuResist is using an integrated analytics solution to predict the most effective drug combinations for individuals with HIV, with 78% accuracy. And CAIXA Econômica Federal, one of the largest banks in Latin America, is using a service oriented architecture to slash infrastructure acquisition costs by over $330 million. On a smarter planet, these are the benchmarks that matter.

A smarter business is built on smarter software, systems and services.
Let's build a smarter planet. **ibm.com/questions/in**



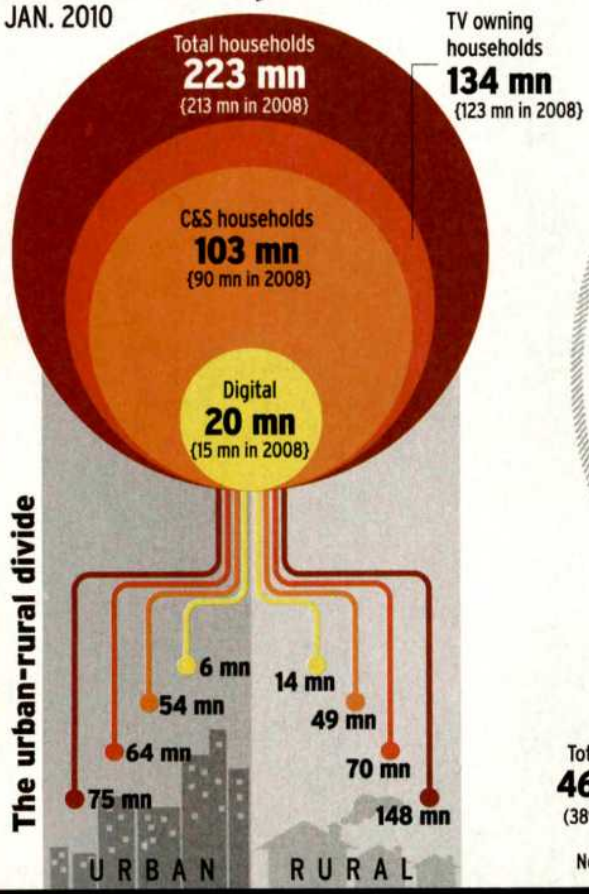
Based on IBM Power 595 POWER6 4.7GHz 64-core benchmark results for the TPC-C, TPC-H 1000GB and SAP 3-tier SD benchmarks between June 1, 2006 and June 1, 2010. For more information, see http://www.tpc.org and http://www.sap.com/solutions/benchmark. TPC, TPC-C and TPC-H are trademarks of the TPC. SAP, the SAP logo, mySAP.com, R/3, Power Systems, Smarter Planet and the planet icon are trademarks of International Business Machines Corp., registered in many jurisdictions worldwide. Other product and service names might be trademarks of IBM or other companies. A current list of IBM trademarks is available on the Web at www.ibm.com/legal/copytrade.shtml. © International Business Machines Corporation 2010.

Couch Potatoes, Enjoy

TV viewers never had it so good with some 460 channels on air across genres in India. The Hindi market commands the largest share of the pie, even though South Indians spend more time before the idiot box. Entertainment and news dominate the new channels launched, says a recent study by media researcher TAM.

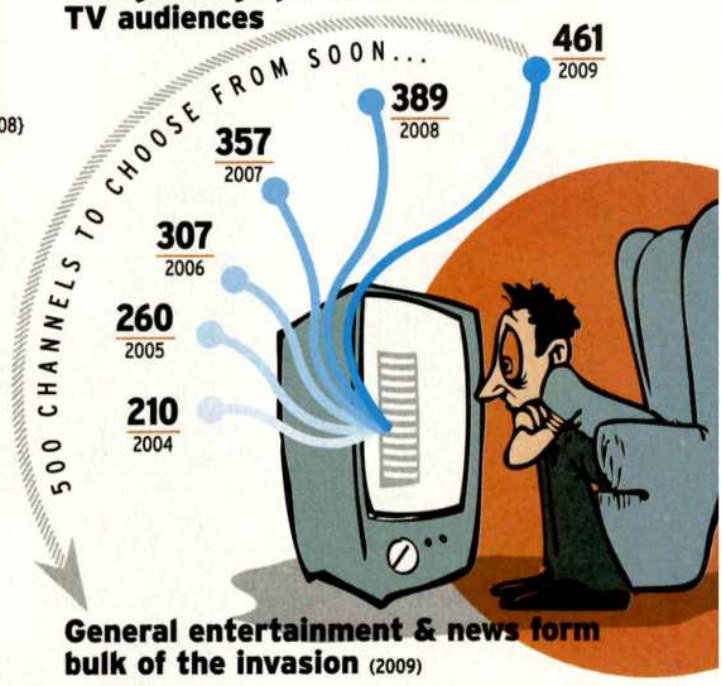
The all-India picture

JAN. 2010

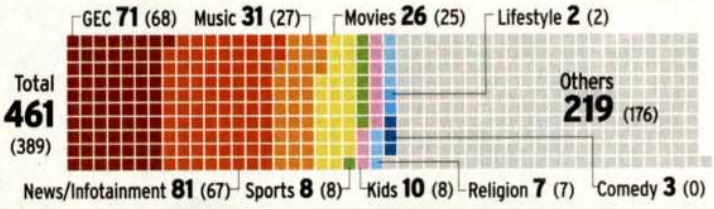


The TAM survey released in June 2010 compared data of end -2009 with a year earlier

Evergrowing options for Indian TV audiences



General entertainment & news form bulk of the invasion (2009)



Figures in brackets are number of corresponding channels in 2008; GEC: General Entertainment Channel

5 STEPS TO HERE

UNTANGLING THE SATYAM MESS

1

Jan 7, 2009
Satyam founder B. Ramalinga Raju confesses cooking Satyam's books, arrested with brother Rama Raju two days later

Satyam

2

April 14, 2009
Mahindra & Mahindra acquires Satyam for $578 million

BT Retro
BT, September 7, 1996

Backdoor Raiders

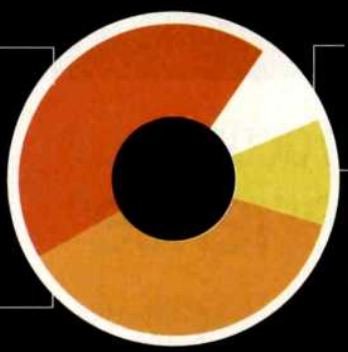
THEN: Could the newest corporate raider on the block be a foreign institutional investor (FII)? After all, sizeable chunks of India Inc. are held abroad in the form of global depositary receipts (GDRS). For instance, a 25 per cent stake in the Industrial Credit & Investment Corporation of India was up for sale in its recent $200-million GDR offering.

If a GDR is extinguished and converted into the underlying shares, voting rights vest with the FII. But, can this translate into backdoor takeovers? Says P.S. Jayaraman, 45, Executive Director (finance), Chemplast Sanmar: "The door has always been open. Any management launching a GDR issue will take into account the conversion calculation."

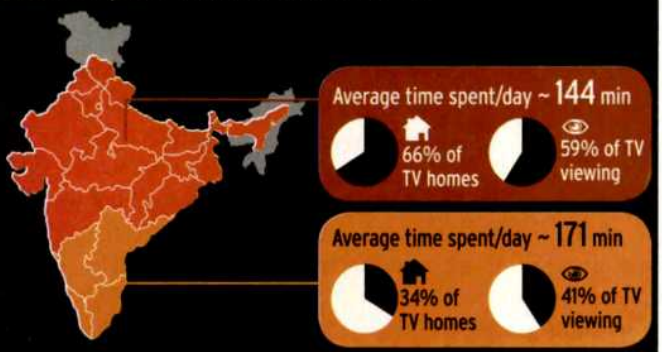
The extent of conversion, however, is limited by the 24 per cent cap on aggregate portfolio investment by FIIs in any single company. Moreover, conversion entails involvement in a messy paper trail and long-term capital gains tax. So, the conversion that does take place occurs largely to exploit arbitrage opportunities. Says Anil Singhvi, 35, treasurer, Gujarat Ambuja Cements: "FIIs are in the business of making money, and not in the business of running companies." The backdoor may be open, but not many FIIs are in the queue.

NOW: There's been a surge in FII inflows but investors have shown little interest in backdoor takeovers. SEBI has since revised the takeover norms for a level playing field. Anybody buying 15 per cent of the ADRs/GDRs would have to make an open offer if underlying securities have voting rights.

Hindi channels dominate TV viewing closely followed by regional channels (2009)



Hindi markets have more viewers; South viewers spend more time on TV



SNAPSHOTS

- Fragmented viewership in South India with more channels
- Soaps or dramas form the staple diet for housewives
- English news sees a higher focus on political and sports news
- Hindi news sees a higher share allotted to astrology and entertainment

ALANKAR

3

June 9, 2009
The Economic Offences Court begins hearing the Satyam case

4

September 2009
Ramalinga Raju suffers a heart attack, is moved to hospital where he has been lodged ever since, reportedly undergoing treatment for Hepatitis C

5

July 20, 2010
The Andhra Pradesh High Court grants bail to five accused, including Ramalinga Raju and former CFO Srinivas Vadlamani. Nine out of 10 accused are out on bail

T.V. MAHALINGAM

DEEPAK G. PAWAR

"We Want to Focus on User Experience"

PRABHAKAR RAGHAVAN, *Senior Vice President, Chief Scientist and Head of Yahoo! Labs, was in Bangalore in late July.* BT'S RAHUL SACHITANAND *caught up with the Ph.D from the University of California, Berkeley, who is also a consultant professor at Stanford, on the road ahead. Edited excerpts.*

We see a break from the backend data centre work — which is a battle fought between different, larger and faster data centres — with the primary intent of grabbing and serving Internet content. We don't think this battleground serves our shareholders best. Instead, we want to focus our attention on user experience. Stuff around crawling web pages can be done by a talented student I teach.

Users have an underlying intent and desire they want to fulfil. Users don't really want to search. Today we force them to express their desire through an Internet search. We believe in search with massive amounts of human intervention. For example, if you want to go out for dinner and plan a movie, you have to run a whole bunch of searches on restaurants serving pasta in Bangalore. We want to say Bangalore is our location, and pasta is food. We want to serve up a list of restaurants and not web pages which serve pasta. We want to filter restaurant sites from airport web sites and shopping sites also offering pasta. We do some of these things already.

College faculty and students need access to large amounts of processing power and large centres to crunch their data. We have some 1,000 university faculty working with Yahoo! around the world, including India. We can multiply the intellectual horsepower employed at Yahoo!, Google and Microsoft ten-fold by working with these institutes. It doesn't matter if we secure the intellectual property they build. Once it is out in the open, we can secure it and build upon it.

The current wave on the Internet is about trying to figure out social networks — who connects to whom on Facebook, Twitter and MySpace. The next big question is who influences whom. Besides computer scientists, we have economists and social scientists to try to answer these questions. Advertisers would be very interested to see if you can manipulate influence on the Internet. The mobile device is also becoming a second hub of the Internet, but to my mind there are yet certain classes of activities which will continue to be done on a computer.

NUMBERS OF NOTE

SOCIAL NETWORKING

500 MILLION

The number of users on Facebook, a popular social networking site. Facebook crossed the milestone last fortnight.

12 MILLION

The number of Facebook users in India. Indian users upload 53 million photos each month.

$35

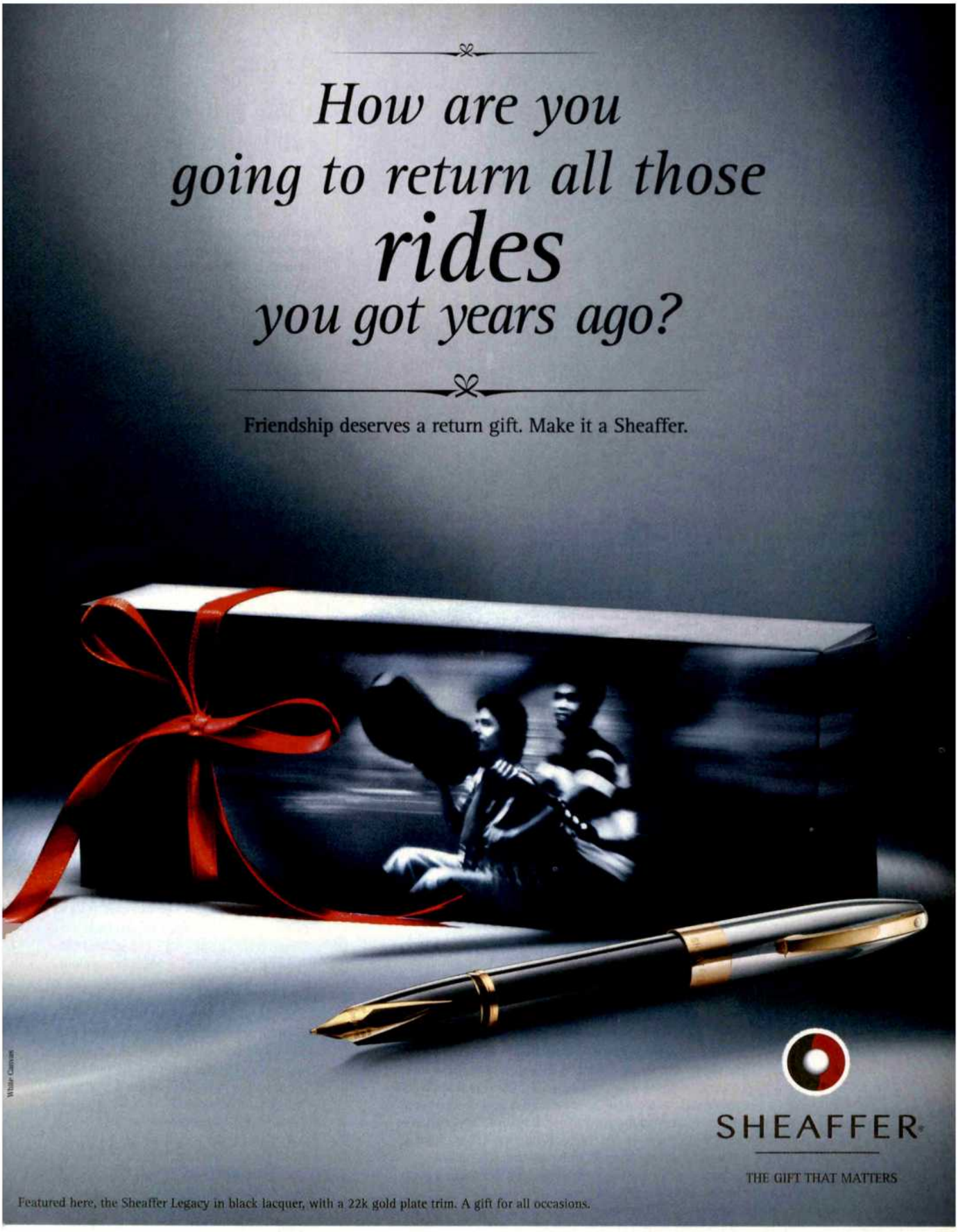
The price of the tablet PC launched by the Indian government. The iPad-like touchscreen device, among other things, allows users to access social networking sites like Facebook and Twitter.

2 HOURS

The time that Indian urban youth spends on networking sites everyday, according to Indiabiz News & Research Services.

$20-25 BILLION

The valuation of Facebook. About 17% of all Europeans are on the networking site.



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How Things Work

Blimps

Blimps are the latest addition to sporting events in India. The IPL contests featured blimps; the Commonwealth Games is getting a similar showpiece equipped with cameras and lights. So, how do these fish objects fly?

Very simply, the blimp is a large balloon filled with helium. Helium is lighter than air and therefore the blimp goes up. That's the easy part. But how does it manoeuvre in the air? And how does it come down?

The helium fills the body of the airship, also referred to as the envelope. Huge pouches of air inside the envelope, called ballonets, help maintain internal pressure. Wings and propellers are installed which help the balloon navigate in a particular direction. Gradually valving off the helium lets the blimp come down as it gets heavier.

How safe are blimps? Earlier, airships (a different kind of blimp) were filled with hydrogen, which is combustible. The famous Hindenburg tragedy of 1937 underlined just how unsafe hydrogen is.

The most famous blimp in the world, the Goodyear, flies at an average altitude of 1,000-1,500 feet, even though a blimp can go as high as 5,000 feet.

COMPILED BY T.V.MAHALINGAM AND KUSHAN MITRA

Just Wondering

Private Reservations

"The UPA government is very sensitive to the issue of affirmative action, including reservations in the private sector. It will immediately initiate a national dialogue." Thus spake the freshly-elected UPA government in its manifesto listing the common minimum programme of its first innings, in May 2004. Six years later, the 'national dialogue' it promised is still on and tends to get shriller, whenever elections are round the corner. Back in 2004, much of India Inc. ignored this declaration as yet another attempt at rabble rousing. Two years later, when Prime Minister Manmohan Singh called for a voluntary caste quota to be put in place by Indian businesses, bodies like CII and FICCI were quick to put out papers and suggestions on better ways of implementing affirmative action. There was even talk of companies across the board outlining their affirmative action in their annual reports and balance sheets. Last heard, the government is in the process of setting up an inter-ministerial group to look into the matter. Guess the dialogue is set to get louder and shriller.

Quirky

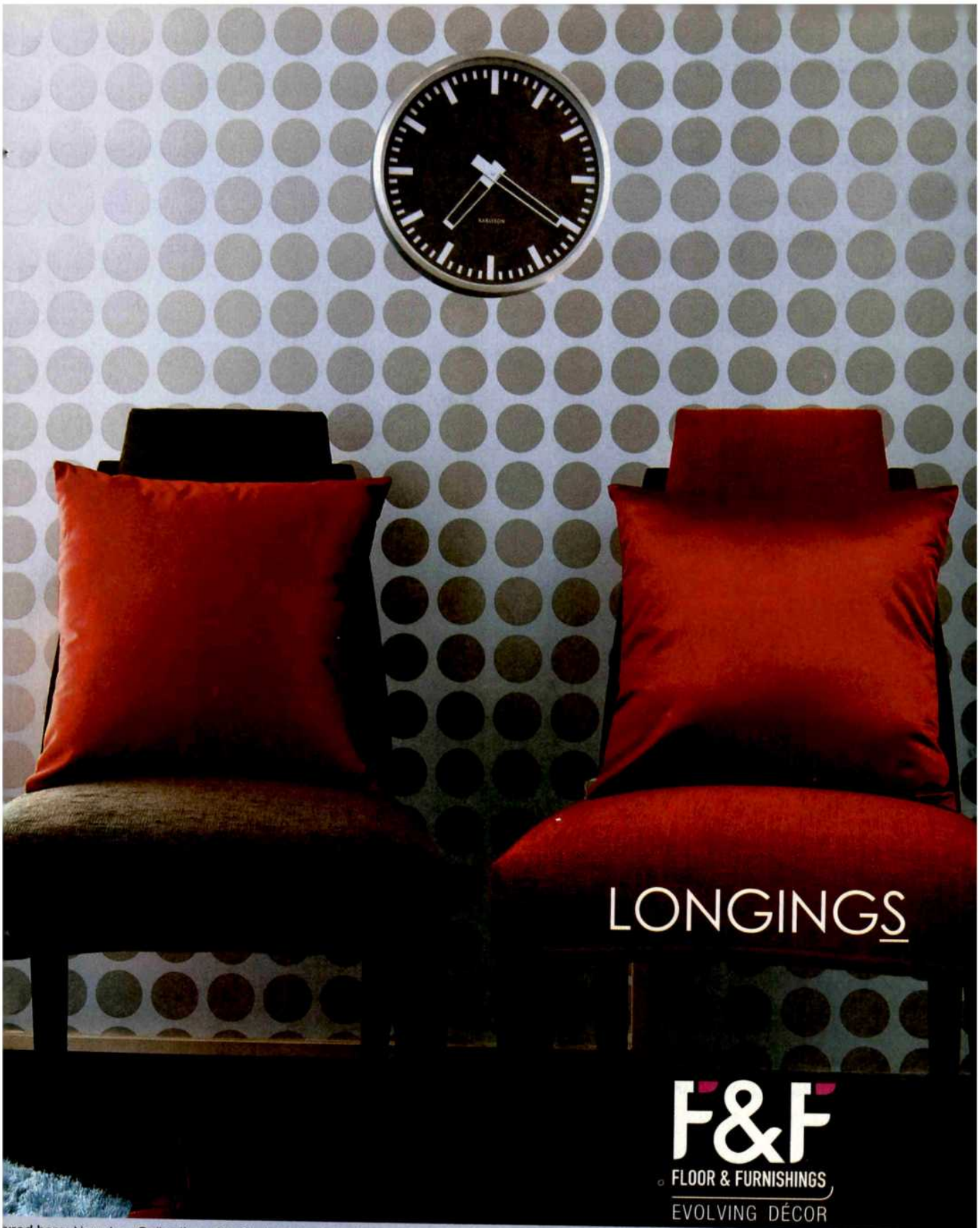
A Tale of Two Publicities

Last fortnight, beach-goers along the coast of the Sea of Azov in Russia were appalled to see a donkey flying on the horizon. This was no vodka-induced hallucination but the promotional strategy of a paragliding business owner, who thought of this as a nice ruse to get some attention for the thrills he peddled. And attention he got. As the hapless beast of burden (strapped to a paraglider) brayed, children on the beach squealed in horror and almost everybody with a handycam hit the record button. The resulting bizarre visuals were flashed on TV channels across the world. Last heard, the donkey and its owner were absconding, with Russian authorities slapping charges of animal cruelty. Meanwhile, in India, condom maker Durex released an online game last fortnight to commemorate the World Population Day. On this sombre occasion, the company released a game called 'put a cap on it' that allows players to click on waves of smiling, virtual spermatozoa and 'cap' them with multicoloured condoms. One just hopes that the players of the game don protection in the real world as well.

Snoot Corner

Costliest Coffee

Those who have seen the Jack Nicholson-Morgan Freeman flick *The Bucket List* do not bother to read on. For the rest, here's a quick intro to the world's most expensive coffee – Kopi Luwak. Sold at $300-$700 or around Rs 13,800-Rs 32,200 a pound, the coffee bean is processed rather unusually. The coffee beans for Kopi Luwak are native to the islands of Sumatra, Java, Bali and Indonesia. The coffee berries are eaten by an Asian Palm Civet, a cat-sized furry mammal. Beans defecated by the civet are then collected, washed, sun-dried, roasted and processed into an aromatic, less bitter brew. Kopi is the Indonesian word for coffee. Luwak is the name for the civet. Incidentally, the animal is also found in Kerala, where it's called Mara-patti. Another brew fast gaining popularity is Kopi Muncak, made from beans in the dung of barking beer found throughout Southeast Asia.



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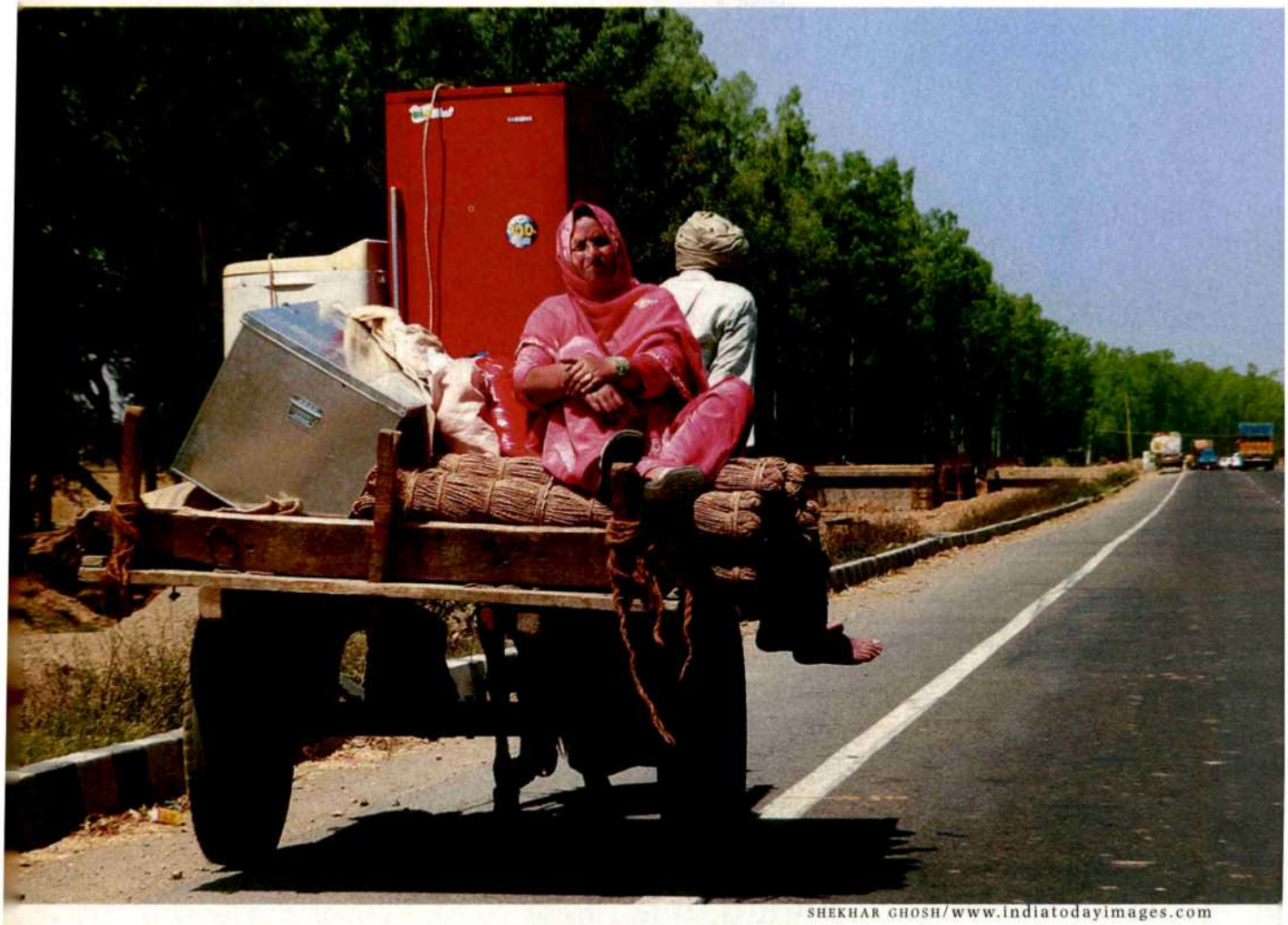


SHEKHAR GHOSH/www.indiatodayimages.com

High Food Prices? Give Them Fridges

Inflation has not yet taken the steam out of the purchasing class.

BY PUJA MEHRA and SHAMNI PANDE

If Marie Antoinette, the 18th century queen of France, were to be reborn in India today as, say, the Union Minister of Food & Public Distribution, she would not be too popular with the masses if she exhorted them to eat cake because there is no bread — or, as the case is now in India, there is bread but it is expensive. After all, if bread has become dear, so would have cake, what with sugar and milk prices shooting through the roof.

Wholesale food prices have been rising at double-digit rates for over 12 months at a stretch now, though it may be waning going by latest data. Sizeable stocks of food grains continue to rot in godowns. There's no end in sight to the structural problems like poor distribution mechanisms in the supply of pulses, milk, and vegetables. There's a huge spurt in prices of even non-food

products. There have been seven revisions in the government-controlled prices of fuels in the past two years, including the latest hike in June. In the eight years before that, kerosene prices had remained untouched. Add to this the increase in borrowing costs and in the prices of inputs such as steel, copper and aluminium that are used by the automotive and the durables industry, and you have a dismal picture. Dismal enough to derail the monsoon session of Parliament, with the Opposition getting together to rake the ruling UPA over the coals.

Homemakers may be fretting about the havoc being wrecked on their monthly budgets. But the irony is that the monster of inflation hasn't found its way into the shopping malls and durables showrooms. "It's not as if high prices, especially of food, are not hurting consumers, but they are able to absorb them as structural changes over the last few years have led to incomes rising across the board," says Rohini Malkani, Economist, Citigroup (India). In urban India, government employees have received hikes based on the Sixth Pay Commission recommendation and the private sector has handed out increments of about 10 per cent on an average over the last year or so. And, government social spending has been a big boost to rural incomes.

Companies, therefore, have few qualms in passing on the rise in raw material costs to consumers. Samsung, for instance, has increased the prices of its white goods like refrigerators, washing machines and air-conditioners by 5-6 per cent to balance out input cost increases. And the company claims it hasn't lost share to competition since doing that. "Consumer demand is buoyant, so in spite of having to partly bear the brunt of the input cost hike, we are sustaining the business growth well," says R. Zutshi, Deputy Managing Director, Samsung India. Carmakers like market leader Maruti Suzuki have adopted a twin strategy of hiking prices (it did so in April) and reducing costs to counter inflation in raw material.

Unsurprisingly, then, business confidence is keeping pace with consumer adventurism. More than half of the member CEOs of the Confederation of Indian Industry polled at the meeting of its national council on July 25 expect GDP to grow in the range of 8.5 per cent to nine per cent this year.

Two days after the thumbs-up, the Reserve Bank of India (RBI) seemed to share India Inc.'s confidence. In its first quarter (April-June 2010) review of the monetary policy, the central bank raised its projection for the growth rate of GDP by half a percentage point over its April estimate to 8.5 per cent. It also expressed worry over persistently high inflation, which, it projected, will grow at six per cent by March 2011 — half a percentage point faster than its April estimate.

To attack inflation, the RBI increased the rate at which banks borrow from it (the repo rate) by a quarter percentage point to 5.75 per cent. That was expected. More aggressive was the half a percentage point hike in the rate at which banks lend to it (the reverse repo rate), to 4.5 per cent. With these increases, the RBI has signalled for higher lending rates across the board. Since the RBI had banks switch to a new lending system of base rates as of July 1, the monetary policy transmission is likely to be more efficient. "Since growth is taking a firm hold, the balance of policy stance has to shift decisively to containing inflation and anchoring inflationary expectations," RBI Governor D. Subbarao said in his statement at the review.

High inflation has now spread to non-food items — which contributed to 70 per cent of the double-digit wholesale inflation in June. This prompted the RBI to sound the alarm on July 27, but companies are refusing to see red and going ahead with their expansion plans riding on relatively inexpensive debt. The last time non-food manufactured production crossed eight per cent in mid-2008, and at that time interest rates were three percentage points higher than current levels.

Though normally pretty price-sensitive, Indian consumers are showing a stomach for higher prices. They're still buying cars and fridges, but the real recovery will be when those fridges are well stacked with lots of food, including cake. ⊙

INFLATION IS A WORRY...

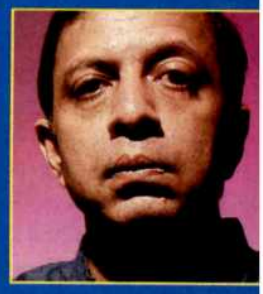
- In double-digits for five consecutive months and more generalised
- WPI inflation in non-food items a near zero in November 2009, at 10.6% in June 2010
- WPI inflation in primary food articles up 16.3% in June 2010

... BUT THERE COULD BE RELIEF AHEAD

- Global commodity prices could soften due to uncertainty over the pace of recovery
- A good kharif harvest could help contain short-term food price inflation
- Robust growth in industrial production and an uptick in corporate earnings will help balance out high prices
- If monsoons deliver, better farm prospects should boost rural demand

COVER STORY

India's Best Fund Manag



Some 25 million Indians trust their savings, or a part of it, with mutual funds that manage assets worth more than the GDP of an Algeria or a New Zealand. It is likely that as a *Business Today* reader, you are one among this 2.5 per cent sliver of India's population. If so, the following question will resonate with you: who are the people managing your money at these funds for you — often growing it by one-fifth or more a year?

This question — carefully tracked by financial advisers who tell you which fund to put your money in — is best answered by carefully measuring the performance of India's top funds and for quant help we turned to Value Research, a New Delhi-based mutual funds tracker. The firm, founded and run by Dhirendra Kumar, has the most extensive database on mutual funds in India and is respected for its independence.

Kumar and *BT* editors spotted early on that it would be perfect timing for such an exercise given that Indian markets had gone through a boom-and-bust cycle in the past three years. How did India's mutual fund aces manage their funds

THE WINNERS

Apoorva Shah
Prashant Jain
Omprakash Kuckian
Ramanathan K.
Anand Shah
Sadanand Shetty
Arpit Malaviya
Ashwani Kumar
Amit Tripathi
Ritesh Jain
Sunaina da Cunha
Prasad Dhonde
Devesh Thacker

rs

How India's mutual fund pros manage your money – and deliver the goodies.

BY TEAM BT and VALUE RESEARCH

from June 2007 until now? A period in which markets rose to nearly 21,000 points on the Bombay Stock Exchange, crashed to 8,300-odd and are back at 18,000 levels?

Value Research drew up the top three performers by annualised returns over the past three years in 11 categories, ranging from equity funds of different sizes to ultra short-term debt funds, from tax saving schemes to income plans. Returns alone are not an efficient metric to judge a fund manager. It has to be seen in the context of the bets he makes, the risks taken in trades. The performance was weighted by a risk score benchmarked against a risk-free instrument like the State Bank of India's 45 to 90 days deposit rate.

The result drumroll, please, is the next 11 pages of profiles of 13 investing whizzes from India's mutual funds industry. As much as there are common traits among most of them — a healthy respect for the market, alpha male behaviour, quality time with family and, even, cinema as a hobby — there are different investment strategies and, even, quirks of individual behaviour that stand out. For actionable takeaways from their lives, turn the page.

Value Investor

Soft spoken and calm. These are the two characteristics that best describe Apoorva Shah. These complement his two other qualities that make DSP BlackRock Top 100 Equity Fund outperform peers — invest conservatively and for the long term, and do not chase returns.

A strong team and free flow of ideas and information help him to remain on top. His firm has deliberately chosen to avoid excessive risk at the cost of returns. "The risks today are more asymmetric," explains Shah.

But did this conservatism cost Shah dear?

Yes, it did. In March, last year, when the market turned bullish Shah's fund was caught on the wrong foot and could not take advantage of it. He is not hassled by it, though. "We are doing justice to our investors by avoiding excessive risk in this environment," re-emphasises Shah.

At work, Shah says he unwinds by meeting people. For him, they are both a learning as well as an enjoyable experience. Away from work, Shah loves to watch movies. "Watching a movie is the best way to de-stress as it compulsorily turns your mind off," he says, adding that in his profession the risk is that the mind is always working. He never misses his 30 minutes of yoga in the morning apart from a walk on the beach "The morning walk could be postponed to evening, but yoga is not negotiable," says Shah.

Shah's personal investments mirror his funds' conservatism. Not more than 50 per cent of Shah's investments are in risky instruments. "While Indian markets look attractive, the environment for risk taking is uncertain," he points out.

RAJIV BHUVA

WINNER: Apoorva Shah

FUND: DSP BlackRock Top 100 Equity Fund

FUND TYPE: Equity/ Large Cap

FUND MANAGER SINCE: April 2006

3-YEAR ANNUALISED RETURNS: 13.13%

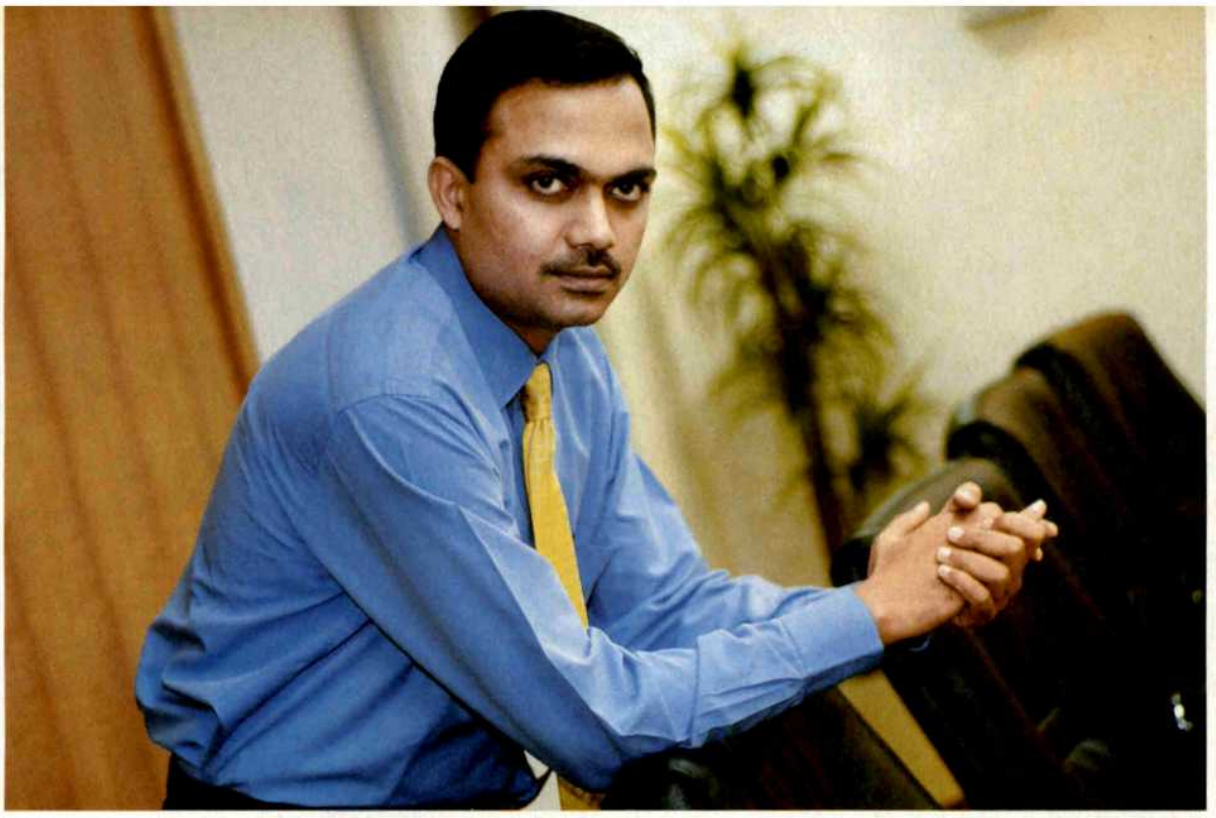
INVESTING STRATEGY: Long term and not just aim at maximising returns

INVESTING PHILOSOPHY: Conservative

RUNNER-UP 1:
Tridib U. Pathak
IDFC Imperial Equity Plan A

RUNNER-UP 2:
A N Sridhar
Sahara Growth

NISHIKANT GAMRE/www.indiatodayimages.com



Keeping It Simple

To each his own. Star fund managers, as you'll discover leafing through these pages, pull in different directions. They have their own distinctive investment philosophies but, hey, still end up winners.

Meet Prashant Jain, the 42-year-old Chief Investment Officer with HDFC Mutual Fund. Jain keeps it simple and adheres to the golden rules of investing. Stocks can be volatile over the short term, but over the long term reward investors in quality companies. Do due diligence before your asset allocation and, yes, never try to time the market.

Jain, who did not want to be interviewed for this profile, has been managing the HDFC Top 200 Fund since January 2002, and along the way the fund has given an annualised return of 36.8 per cent which is far superior to the 22 per cent annualised return delivered by the BSE Sensex. His motto: Invest in good quality businesses, remain diversified and keep away from richly-valued investments to the extent feasible.

Jain, then, has targeted only the blue chips, kept a hawk's eye on valuations and, most importantly, has ensured a well-diversified portfolio. Earlier, single sectors could account for nearly 40 per cent of the corpus, but in the last three years no sector has been allowed to cross the 25 per cent threshold. Individual stocks, too, never stack up to more than 10 per cent.

Jain certainly has the right pedigree, with a B. Tech. from IIT Kanpur and a PGDM from IIM Bangalore and a total experience of 19 years in funds management. He started his career at SBI Mutual Fund, moved to Zurich Asset Management in 1993 and finally ended up with HDFC Mutual in June 2003 (after HDFC Mutual Fund acquired Zurich).

Jain himself believes that disciplined investing and learning from past mistakes has been a big contributor to his success. But his colleagues swear by his innate talent for spotting good bargains in the market well before the herd.

RAJIV BHUVA

WINNER: **Prashant Jain**

FUND: **HDFC Top 200**

FUND TYPE: **Equity/ Large Cap and Mid Cap**

FUND MANAGER SINCE: **January 2002**

3-YEAR ANNUALISED RETURNS: **17.38%**

INVESTING PHILOSOPHY: **The quality of the business is critical, it should be sustainable, have growth and competitive advantages**

GURUS: **Warren Buffett, John Bogle**

RUNNER-UP 1:
Harsha Upadhyaya
UTI Opportunities

RUNNER-UP 2:
Nimesh Chandan
Canara Robeco Equity Diversified

Penny Wise

He is fanatical about waking up at 5:30 a.m. and hitting either the gym or the jogging track.

"The mornings are the happiest part of the day. My wife often says that if she asks me to do something in the morning, it gets done," says Omprakash Kuckian, 41. And he brings the same fanaticism to some of the things he does while managing the Reliance Regular Savings (Equity): one is to never chase a price momentum. "I am ready to take a time risk but never a price risk," explains Kuckian. He would rather wait for a stock that he can buy at a lower price than go for it when there is a rally in its price. A cost accountant by training, Kuckian has some impressive numbers behind him. According to Value Research, the Reliance Regular Savings (Equity) fund showed a 40.5 per cent return in its best month in May-June 2009. The pure equity fund is a mix of large- and mid-cap stocks. "We always try to pick up large caps when there is an aberration in their price. An external issue or a bad quarter can lead the markets to punish a large cap stock. I look at these as opportunities as you cannot write off these stocks on the basis of isolated events," explains Kuckian. For instance, the fund took a bet on the information technology sector and benefited when IT stocks bounced back. This cricket buff loves travelling and takes his family on two vacations overseas every year. "When your family is happy, there is comfort in your mind," he adds.

SUMAN LAYAK

UMESH GOSWAMI/www.indiatodayimages.com

WINNER: **Omprakash Kuckian**

FUND: **Reliance Regular Savings (Equity)**

FUND TYPE: **Equity/ Multi Cap**

FUND MANAGER SINCE: **November 2007**

3-YEAR ANNUALISED RETURNS: **19.56%**

INVESTING STRATEGY: **Wait for a decline to buy large-cap stocks and stay with them**

RUNNER-UP 1: **Swati Kulkarni**
UTI Dividend Yield

RUNNER-UP 2: **Atul Kumar**
Quantum Long Term Equity

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WINNER: Ramanathan K.

FUND:
ING Dividend Yield

FUND TYPE: Equity/ Mid Cap and Small Cap

3-YEAR ANNUALISED RETURNS: 20.29%

INVESTING STRATEGY:
Look for high dividend yielding stocks; don't ignore growth stocks

GURU: Bharat Shah, ex-CIO of Birla Sun Life Mutual Fund

RUNNER-UP 1:
Ankit Sancheti
Birla Sun Life Dividend Yield Plus

RUNNER-UP 2:
Kenneth Andrade
IDFC Premier Equity Plan A

The Contrarian

Mutual fund investing is always about value strategy," says Ramanathan K., ING Investment Management's Chief Investment Officer. It is this investment philosophy that compels Ramanathan, 37, to always keep an eye out on the growth prospects of various stocks, even though his fund's focus is on dividend yield. When the financial crisis struck, he saw opportunity. "The post-crisis correction saw prices beaten down for many stocks to such an extent that they became dividend yielding stocks," says Ramanathan. And with the recovery, these were the stocks that gave the best returns. ING Dividend Yield Fund invests in stocks whose dividend yield exceeds those of the Nifty. The current dividend yield of the fund is 2.3 per cent, which is more than twice the dividend yield on the Nifty, 0.91 per cent. The fund has about 60 per cent exposure to mid caps.

With his wife working for a leading foreign bank, Ramanathan's weekend plans swing with the moods of his sons — Rahul and Rohit. Badminton and swimming help him to unwind over the weekend. Annual vacations are sacrosanct and Ramanathan usually takes his family to the beaches. Ramanathan looks at mutual funds as the lowest cost investment vehicles with tax benefits. He prefers to decide when to invest and has no regular systematic investment plans. But he would soon be looking at them. "At the current level, I would opt for SIPs to average out volatility," he says.

ING Dividend Yield Fund has a new manager in Ankur Arora, who took over as the fund manager in December 2009, but the fund house felt he wouldn't be the right man to profile in this survey.

RAJIV BHUVA

NISHIKANT GAMRE

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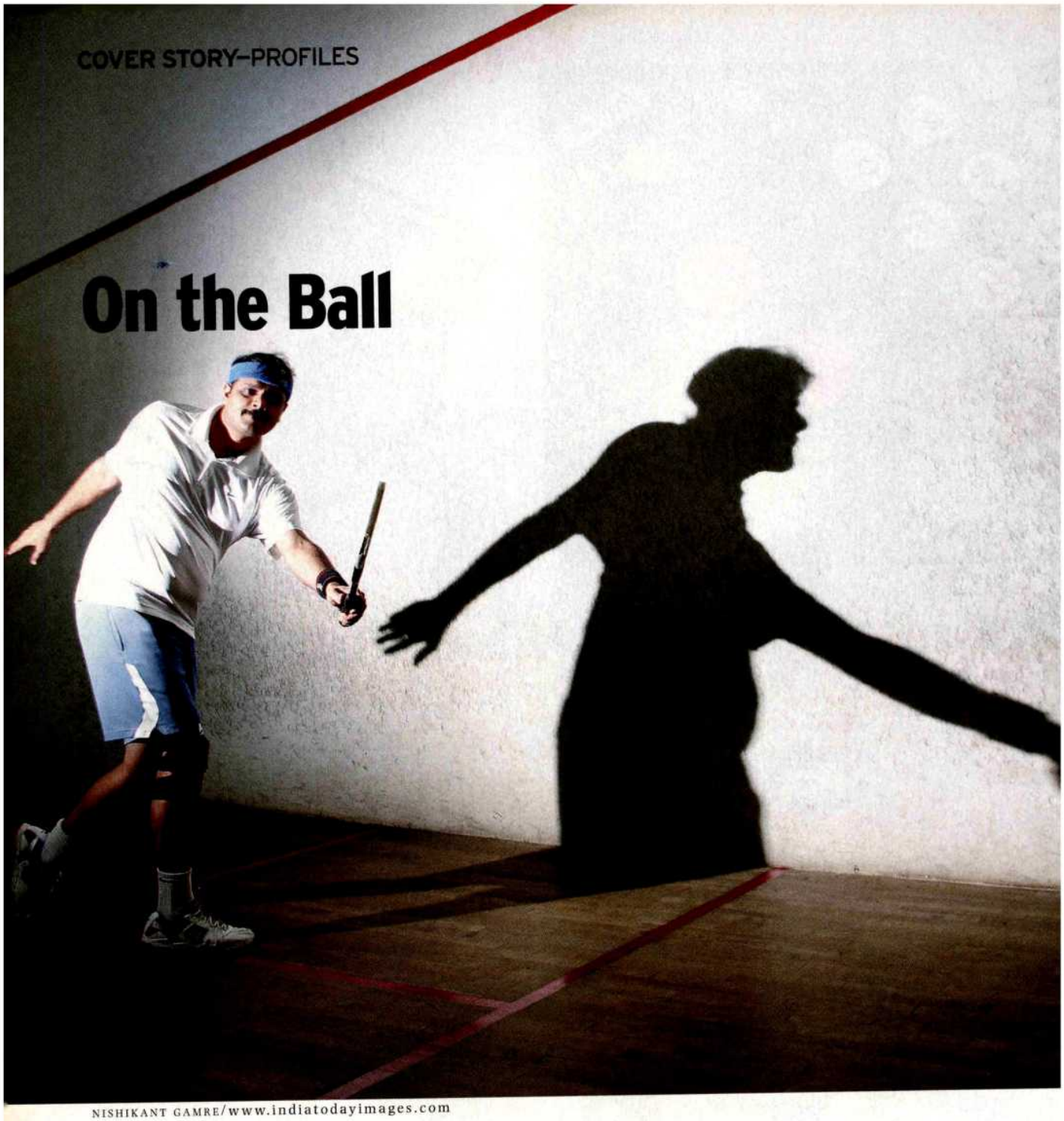
KYOCERA

On the Ball



NISHIKANT GAMRE/www.indiatodayimages.com

He loves squash. Half an hour of the strenuous game every day relaxes the 35-year-old Anand Shah, Canara Robeco Asset Management Company's Head of Equities, and fund manager for Canara Robeco Infrastructure Fund.

Ask him if his job as a fund manager is stressful and the answer is a quick "no". "The stocks in my portfolio don't give me sleepless nights," says Shah, who strictly follows a five-day week. A nature lover, his holidays generally take him to the mountains.

"To look up at the mountain from its base is awesome and reaching the top gives a unique sense of achievement," he says. Shah drives down to Lonavala, a hill station 120 km north of Mumbai, at least once a month.

A team player, Shah does not hesitate to admit that the success of his fund's superlative performance is because of a team effort. The general investment focus at Canara Robeco is to get best-in-class businesses run by efficient managements in its portfolio. "We don't spend too much time on volatility in the market," says Shah. Instead, the endeavour is to look at the people who run those businesses, their record of delivering performance and generating returns for their business. As for sectors, he is pretty

WINNER: Anand Shah

FUND: Canara Robeco Infrastructure Fund

FUND TYPE: Equity/ Infrastructure

FUND MANAGER SINCE: May 2008

3-YEAR ANNUALISED RETURNS: 11.44%

INVESTING STRATEGY: Identify and buy into well run businesses

INVESTING PHILOSOPHY: Equity must generate wealth, not income

GURU: Warren Buffett

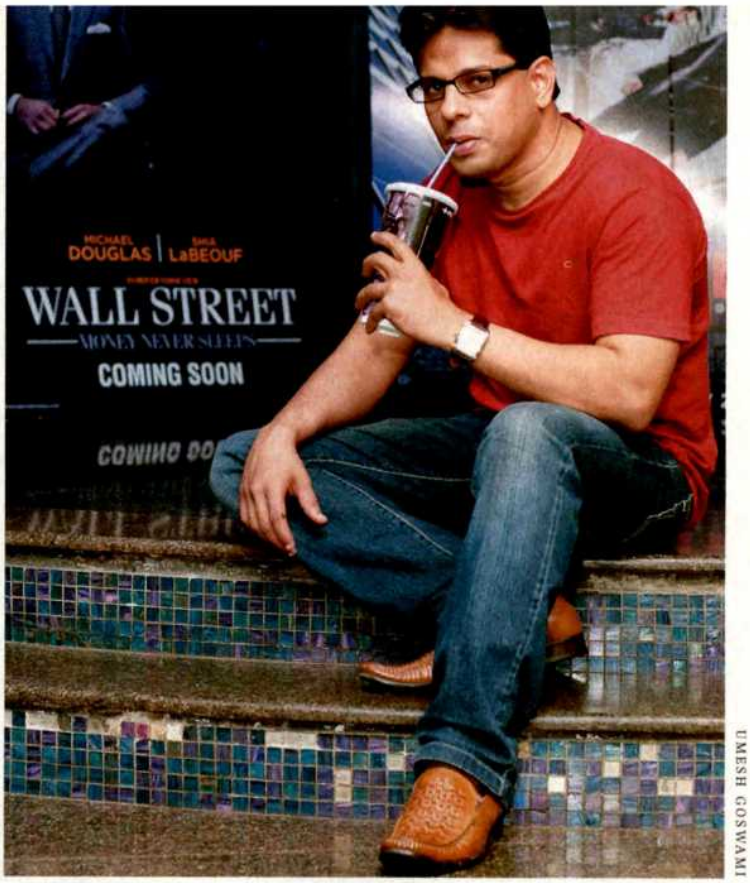
RUNNER-UP 1: Sadanand Shetty
Taurus Infrastructure

RUNNER-UP 2: Sankaran Naren & Rajat Chandak
ICICI Prudential Infrastructure

bullish on the energy (power, oil and gas) sector.

For his personal investments, Shah bets on systematic investment plans (SIPS), which account for 70 per cent of his financial investments. An avid follower of Warren Buffett, he firmly believes that equity must be used to generate wealth and not income. "And the secret is buying best businesses, not stocks," he says.

RAJIV BHUVA



UMESH GOSWAMI

The Pragmatist

He is a Bollywood buff and loves to watch films. He brings the same keenness to his job as a fund manager. Sadanand Shetty, 38, Vice President and Senior Fund Manager, Equity, Taurus Mutual Fund, has 16 years of experience working with reputed financial institutions across India. With Taurus since May 2010, he has been instrumental in beating all the performance benchmarks. In the past three years, Taurus Tax Shield has generated returns of 18 per cent and 12 per cent primarily under the stewardship of Nitish Ojha and Prasanna Pathak in between April 2007 and December 2009.

Shetty's investment strategy has been growth oriented. "Strategy is a reflection of the market... India is a growth market," he says. He does not believe in taking unnecessary risks either. "While we talk of long-term performance, we also know that performance is being evaluated on a regular basis by the markets. The assets that I manage are equity assets and are benchmarked against the indices." He couldn't be more candid.

ANUSHA SUBRAMANIAN

WINNER: Sadanand Shetty

FUND: Taurus Tax Shield

FUND TYPE: Equity/ Tax Planning

FUND MANAGER SINCE: May 2010

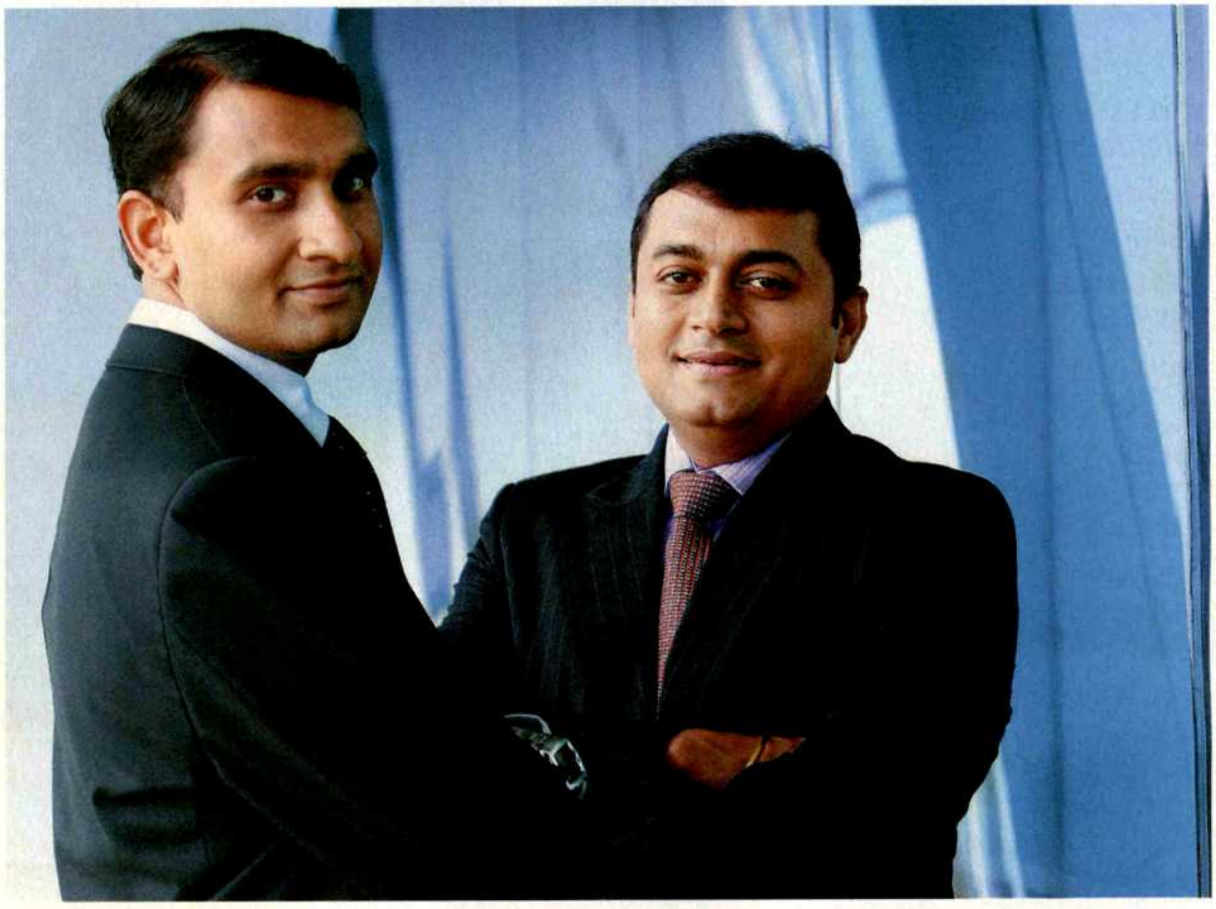
3-YEAR ANNUALISED RETURNS: 18.51%

INVESTING STRATEGY: Growth-oriented

INVESTING PHILOSOPHY: Look for companies with good management

RUNNER-UP 1: Anand Shah
Canara Robeco Equity Tax Saver

RUNNER-UP 2: A N Sridhar
Sahara Tax Gain



NISHIKANT GAMRE

The Formidable Duo

Arpit Malaviya has been a sportsman — he represented Rajasthan in sub-junior hockey — and is not daunted by a punishing schedule that begins well before daybreak.

"I want to compete in the Mumbai Marathon," he grins. And, in tandem with co-fund manager Omprakash Kuckian (who manages the equity portion), Malaviya has made the long hours in the office count too. The scheme the duo manages, Reliance Regular Savings – Balanced, is perched at the top of the charts for hybrid equity oriented funds, with a three-year return of over 20 per cent.

Malaviya, who manages the debt component, stays on top of his game even when he is not at his desk. For instance, in the days before the latest revision of repo rates by the RBI, Malaviya was in Singapore on a holiday but stayed in touch with his colleagues and parked away a little cash before the policy was announced. When interest rates go up, the prices of bonds fall. With the Reserve Bank policy raising repo rates, Malaviya now has the cash to invest in new instruments that will fetch higher returns.

Managing volatility is the top priority for the duo. Malaviya prefers high rated corporate bonds while Kuckian is "focused on large cap stocks".

As we know, it's not all work and no play. Malaviya, who is enrolled with a club called Striders in Ghatkopar, finds time for swimming, cycling and running. Clearly, he believes in balance in his life, too.

SUMAN LAYAK

WINNERS: **Arpit Malaviya & Omprakash Kuckian***

FUND: **Reliance Regular Savings - Balanced**

FUND TYPE: **Hybrid/ equity-oriented**

3-YEAR ANNUALISED RETURNS: **20.29%**

INVESTING STRATEGY: **Stable returns through money market instruments**

RUNNER-UP 1:
Chirag Setalvad
HDFC Balanced

RUNNER-UP 2:
Prashant Jain
HDFC Prudence

* Featured on page 36

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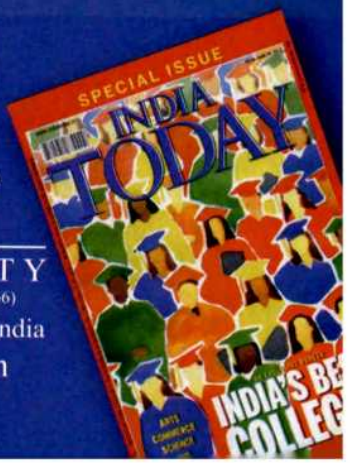

Two Outsiders

They are very different people. Amit Tripathi, 35, had a passion for music as a young man and is still ready to sing if there is someone to listen. Ashwani Kumar, 41, on the other hand, likes to travel abroad and harbours a secret desire to explore every nook and corner of the world. Tripathi and Kumar manage the Reliance Monthly Income Plan, which aims to provide returns that are superior to fully debt-oriented funds. But their different personalities have not come in the way of delivering value to the investors.

Tripathi, who handles 80 per cent of the cash in the fund, has a simple funda — once you get the asset allocation right, the major job is done. He follows a few basic principles. First, investments are either liquid or illiquid, there is nothing in between. Second, interest rate strategies work best with liquid instruments like government securities. Third, a medium-term strategy always works better than short-term trading.

Kumar, on the other hand, sees value in investing in companies with a sustainable competitive advantage. He says: "My biggest learning is that non-fundamental reasons can often have a significant impact on the performance of a stock and, therefore, we have to be aware of that."

Tripathi grew up in Bhubaneswar and Rishikesh while Kumar spent his early years in Khetry, Rajasthan. They both landed in Mumbai after finishing their management education in Delhi. Most of their free time is devoted to family and family vacations seem to be their favourite pastimes — but unlike Kumar, Tripathi has preferred to visit more places within India.

SUMAN LAYAK

NISHIKANT GAMRE

WINNERS:	Amit Tripathi (Debt)	Ashwani Kumar (Equity)
FUND:	Reliance MIP	
FUND TYPE:	Hybrid MIP	
FUND MANAGER SINCE:	October 2008	November 2004
3-YEAR ANNUALISED RETURNS:	14.77%	
INVESTING STRATEGY:	Fund can be on auto-pilot once you have the positioning right	Investing in companies with a sustainable competitive advantage
INVESTING PHILOSOPHY:	Matching assets with investors' risk profile	Changes in perception can provide significant opportunities
GURU:	Four or five people in the industry who I would not like to name	Gurus have their place; I depend on my own philosophy

RUNNER-UP 1: Nishit Dholakia (Equity) and Satyabrata Mohanty (Debt) Birla Sun Life MIP II

RUNNER-UP 2: Anant Deep Katare (Equity) and Bekxy Kuriakose L&T MIP

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Ahead of the Curve

Ritesh Jain is an avid half-marathoner. But the 35-year-old Head of Fixed Income and fund manager with Canara Robeco seems to prefer the 100-metre dash as a touchstone for his investment philosophy. "I have learnt the hard way. After the Lehman Brothers debacle, the markets have changed drastically and the buy-and-hold strategy is out," says Jain.

This will not please purists, like Warren Buffett, but Jain is unruffled. "I have been able to cut the risk for my investors. Simply, if there is money to be made take it off the table," he says. Jain mostly parks his funds in highly liquid government bonds and public sector securities for easy exit opportunities. And it's paid off for him and his investors so far. Under his stewardship, Canara Robeco's Debt-Income Fund has outperformed in the last one year (April 2008-April 2009) with a whopping return of 35 per cent.

Already, in the last three years, Jain has been feted by the industry and the media alike for his uncanny ability to stay ahead of the curve. So, what makes a good fund manager? Jain sums it up succinctly: "Don't have an ego and keep revising your strategy in sync with the investment climate as you go along. Accepting your mistakes helps you make the right decisions."

ANUSHA SUBRAMANIAN

UMESH GOSWAMI

WINNER: Ritesh Jain

FUND: Canara Robeco Income
FUND TYPE: Debt – Income
FUND MANAGER SINCE: April 2008
3-YEAR ANNUALISED RETURNS: 13.83%

INVESTING STRATEGY: Dynamic asset/duration allocation with flexibility of moving between aggressiveness and conservatism

INVESTING PHILOSOPHY: Deliver best risk adjusted return to the investor

GURUS: Albert Edwards, Dylan Grice, strategist with Société Générale

RUNNER-UP 1: Maneesh Dangi Birla Sun Life Dynamic Bond Fund

RUNNER-UP 2: Devesh Thacker Sahara Income

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RACHIT GOSWAMI/www.indiatodayimages.com

Sitting Pretty

If you thought fund managers were stodgy, obsessed with number crunching and poring through balance sheets, think again! Sunaina da Cunha, the 28-year-old fund manager with Birla Mutual Fund, packs in a lot more in her daily routine — listening to music, playing the piano, reading and watching movies.

Ditto for her co-fund manager Prasad Dhonde, 38, who enjoys his weekend excursions out of Mumbai. And before we forget, they are also ace fund managers. The duo has emerged joint winners in the *Business Today* study in the ultra short-term debt category.

Dhonde recalls the teething troubles — the size of the fund was small and availability of floating rate instruments was limited with poor returns. At the same time Birla Sun Life is a conservative fund house with emphasis on high quality. "Risk needed to be closely monitored while striving for higher returns," says Sunaina.

The duo then invested in high quality corporate deposits and commercial paper to take advantage of the term spreads. The average maturity of the scheme was also brought down to reduce volatility. "The idea was to offer the benefit of the steep yield curve of money market instruments to investors," says Dhonde.

The strategy has paid rich dividends. The scheme has delivered returns of almost 7.22 per cent in the last one year, which is much superior to 3.28 per cent offered by the benchmark CRISIL Liquid Fund Index. The duo is confident they'll continue to set benchmarks for the industry. Can they walk the talk? We'll wait and see but they have the right credentials.

ANAND ADHIKARI

WINNERS: Sunaina da Cunha and Prasad Dhonde

FUND: Birla Sun Life Floating Rate Long Term

FUND TYPE: Hybrid: Debt - Ultra Short Term

3-YEAR ANNUALISED RETURNS: 8.22%

INVESTING PHILOSOPHY: Portfolios should withstand market upheavals

GURU: No one special

RUNNER-UP 1:
Amandeep Singh Chopra and Manish Joshi
UTI Floating Rate Short Term

RUNNER-UP 2:
Abhishek Bisen and Deepak Agrawal
Kotak Floater Long Term

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Eagle Eye

An adventure sports enthusiast, speed thrills Devesh Thacker. Supersonic jets, he says, fascinate him. Well, in his profession, too, Thacker has lived life in the fast lane. In a matter of nine months at Sahara Mutual Fund, Thacker vaulted from the dealer's desk to the fund manager's chair. And he has delivered the goods for his company. His fund, The Sahara Liquid Fixed Pricing, has trumped close to four dozen mutual funds to bag the No. 1 slot in our poll.

Thacker has had to work hard to earn his spurs. Born and brought up in the small town of Dhanbad in Jharkhand, Thacker shifted to Nashik to complete his graduation and post graduation and later did his management from Pune. Then, after five years with firms like ASK Financial Services, Indiabulls Financial Services and Dolat Capital Markets, he got a call from ICICI Bank in December 2004. There he spent three-and-half years in treasury "learning every aspect of the trading game".

Thacker's big break came in 2009 when Sahara Mutual Fund made him the helmsman of a star-rated scheme – Sahara Liquid Fixed Pricing. "We spotted his ability to go beyond trading or price discovery in debt market," says N.K. Garg, CEO, Sahara Mutual Fund. The pitfall : the gloom and doom in the debt market due to the credit crisis. Smiles Thacker, "It appeared a mountain to climb given the uncertainty in the market ". But the keen trekker dexterously navigated the tricky terrain.

ANAND ADHIKARI

WINNER: **Devesh Thacker**

FUND: Sahara Liquid Fixed Pricing

FUND TYPE: Debt-Liquid

FUND MANAGER SINCE: February 2009

3-YEAR ANNUALISED RETURNS: 7.22%

INVESTING PHILOSOPHY: Always follow a disciplined investment approach

GURU: No one in particular, but likes Robin Sharma's work (of *The Monk Who Sold His Ferrari* fame)

RUNNER-UP 1:
Akhil Mittal
Canara Robeco Floating Rate

RUNNER-UP 2:
Ashish Kumar
LICMF Liquid

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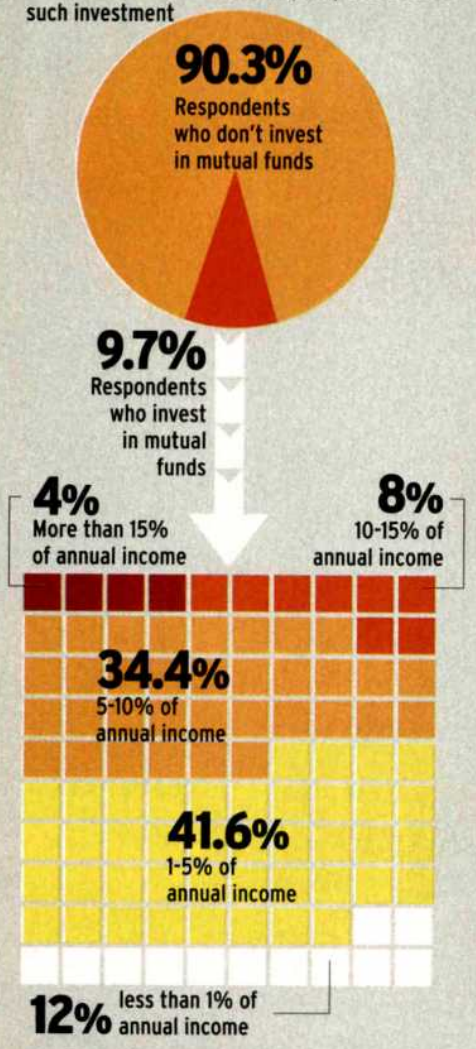
money Private Banking Poll 2010 (awarded to Deutsche Bank Private Wealth Management through a vote/poll conducted among high net worth individuals, directly in the country or across
ho have private banking relationships with the banks in Asia). 2. Asia Risk Industry Awards 2009 (awarded through a formal pitch submission process carried out across

Untapped Funds

Mutual funds have existed for more than two decades and are considered a safe way to invest in the stock markets. Yet, most people are reluctant to opt for them.

Staying Away

Of the 9,050 respondents, less than 10% invest in mutual funds, while the majority is averse to such investment

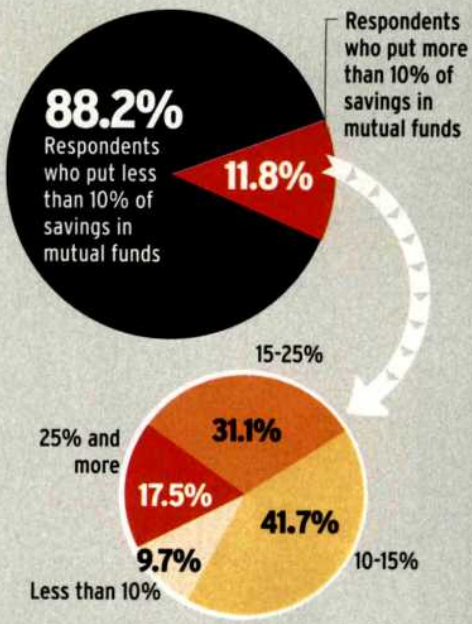


Risky Choice

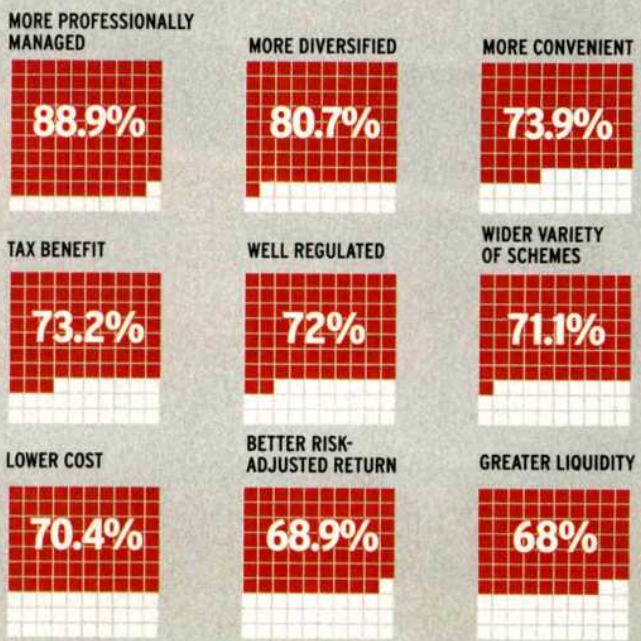
Most of the mutual fund investors prefer growth schemes, which are usually high in risk

High Expectations

Of the 11.8% respondents who invest more than 10% of their savings in mutual funds, the majority expect the funds to generate returns in excess of 10%...



..and investors cite professional management, diversification and convenience as reasons for buying funds



Source: Boston Analytics March 2010 survey of over 9,000 respondents across 15 Indian cities

Courtesy: **Money Today**

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Can You Spot the Retail Investor?

Companies and institutions dwarf retail investors in the Indian mutual funds arena and there's unlikely to be a trend reversal soon. BY RAJIV BHUVA

It's a classic Hegelian thesis-antithesis dialectic. The swelling ranks of retail investors should make India a happy hunting ground for mutual funds (MFs), which explains the exponential jump in the number of players. From just 20 in 1999, today we have 39 players. The antithesis: going against the global drift, retail investors still shy away from MFs, preferring risk-free, government-backed, fixed-return and low-yielding instruments instead. Retail contribution to the assets under management (AUMs) of the industry is just a quarter, with companies holding sway — contrast this with a dominant 84 per cent in the United States.

That's clearly a big missed opportunity for both — India's teeming middle class and the MF industry. Globally, and in India, MFs outperform most other asset classes, making them an attractive investment option for the middle class. For MFs, too, retail flows are desirable. "Retail offers diversity and stability, unlike the chunky institutional flows," says Tarun Bhatia, Director of Capital Markets at CRISIL Research.

So, what keeps Indian retail investors away from MFs? "Until there is substantial improvement in financial literacy levels, MF penetration in India will remain abysmally low," says Saurabh Nanavati, CEO of Religare Asset Management Company (AMC). Which perhaps explains why the industry's total AUM is less than the funds managed by Life Insurance Corporation of India alone. A well-informed investor population would,

logically, buy better financial products and make more productive use of its savings.

To beef up penetration levels, say experts, MFs in India would have to actively spread financial literacy through workshops and awareness campaigns. "Any measures and initiatives for spreading awareness should be structured with a long-term horizon in mind," says Jairaj Purandare, Executive Director and Leader of Financial Services at PricewaterhouseCoopers. India's most financially literate investors have traditionally been concentrated in Gujarat, Maharashtra, Rajasthan and the larger cities in the south. "Our sense is that there are approximately 25 million individual investors around the 47.9 million folios, or investment accounts, registered with the MFs, and this number mostly comes from 28 major cities and towns," says Purandare. Even this is just a fraction of the 190 million people who have some form of savings such as post office and bank deposits and life insurance policies. So, there's still a large and relatively untapped market for MFs.

Low financial awareness levels also explain the surge in popularity of Unit Linked Insurance Plans (ULIPs) among the small investors. ULIPs have traditionally been seen as a proxy for MFs with insurance thrown in for good measure. According to the Insurance Regulatory and Development Authority (IRDA), during 2009-10 the share of unit-linked insurance business continued to climb, from 51 per cent to 55 per cent of the total life insurance business.

Industry insiders also stress that the policy framework is skewed in favour of ULIPs — a major reason why the industry hasn't been able to evolve a distribution network as yet. Most distributors have preferred to peddle ULIPs largely because of the lucrative commission structure. Insurers passed on a big chunk of the fee — as high as 40 per cent — on first-year premiums to advisors. MFs, in contrast, paid distributors through an entry load on investors, which was capped at about two per cent.

The ban on entry load imposed by the Securities and Exchange Board of India (SEBI) in August last year has only added to the woes of the industry. It forced MF distributors to make money by advising investors. As a result, distributors simply stopped selling funds and concentrated on ULIPs and company fixed deposits. And MFs have still to recover from the blow. About 5,000 investor folios were redeemed daily from equity funds over the last month alone. "Our mutual fund team is practically selling ULIPs for the last few months," says a senior official of a leading distribution house, requesting anonymity.

New norms for ULIPs by IRDA, then, are seen as a belated course correction to reposition them as insurance products and address these anomalies. The lock-in period for ULIP investors has been increased from three years to five years, making it a long-term investment vehicle. That apart, agent commissions on ULIP sales have also been capped at three per cent.

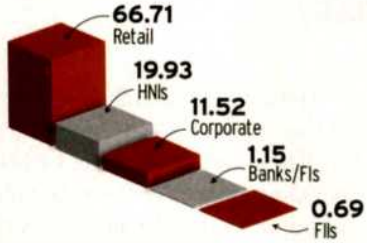
A poor distribution network remains the Achilles heel for the industry. MF investors are serviced by 60,000-odd independent financial advisers, or IFAs, who function as agents. Life insurance firms, in contrast, have about two million agents. And given the low margins in the business, due to high manpower and infrastructure costs, majority of IFAs also sell other financial products such as life insurance and postal savings and broking and portfolio management services, thus diluting their focus.

The recent IRDA measures are likely to improve matters, say experts. "With the cap on commission, selling ULIPs is no more a lucrative proposition. This will bring some amount of level-playing field and distributors are likely to show greater commitment to mutual funds," says Dhirendra Kumar, CEO of Value Research India.

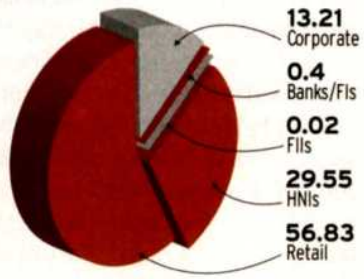
But the industry insists that unless SEBI revokes the ban on entry loads, IRDA's initiatives will only

SPLITTING THE PIE

Retail investors rush into equity oriented funds...

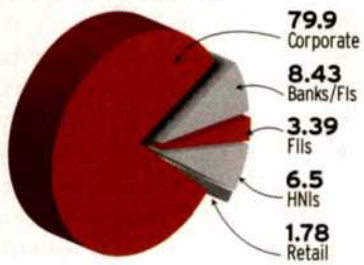


... as well as the sizeable category of balanced funds...



... but corporates dominate debt schemes, the largest category...

... as well as money market funds, another huge segment



Figures in per cent till March 2010 Source: AMFI

GRAPHICS BY UTTAM

RACHIT GOSWAMI

NIMESH SHAH, MD and CEO, ICICI Prudential AMC

"Our business models, even today, are not tuned to reach out to the customer directly"

be seen as half measures. "Since the retail reach and AUM size has not reached the desired inflection point, distributors may not be able to survive only on advisory fee," says K. Venkitesh, National Head of Distribution at Geojit BNP Paribas. This is a serious problem for an industry where distributors are indispensable because only a small fraction of investors go to fund houses directly. "Our business models, even today, are not tuned to reach out to the customer directly," says Nimesh Shah, Managing Director and CEO of ICICI Prudential Asset Management Company.

RACHIT GOSWAMI

H.N. SINOR, Chief Executive, AMFI

"Our market is still maturing. The US has also gone through this and had a similar situation"

The industry, though, is optimistic that most of these regulatory hurdles would be sorted out soon. SEBI, most analysts feel, is gradually creating a solid regulatory framework to build a vibrant MF industry. A slew of decisions by the markets regulator over the last couple of years has made MFs more accountable and transparent. For example, fund houses have been asked to disclose all complaints received by them on their respective websites and in their annual reports. Also, funds now have to disclose their portfolios every month — in the US it's six months — and break-up of expenses every six months. Says Kumar of Value Research: "Our mutual fund industry is actually much better regulated than the US and, for a change, they could learn from us." Adds Nitin Rakesh, MD and CEO of Motilal Oswal Asset Management Company: "This is the new normal and we all have to accept it." He says that even more scrutiny on costs and selling practices is under way.

SEBI, meanwhile, is keen to highlight the efficacy of MFs as a long-term investment avenue. Most investors still see MFs as a quasi stock market product and prefer to invest in growth schemes, unlike corporate houses, which take refuge in the safety of debt schemes. And with closed ended schemes on their last legs, investors churn their portfolios regularly. According to the Association of Mutual Funds in India (AMFI), historically, an equity fund remains locked in for an average of 18 months; around 40 per cent of retail investors exit from equity funds before they complete two years; and even among high networth individuals (HNIs), only 48 per cent remain invested in equity funds for more than two years.

H.N. Sinor, Chief Executive of AMFI, sees retail investors gradually comprehending the value of MFs as an additional asset class. "The US MF industry has also gone through this and they also had a similar situation. We are still maturing," he says. More than 25 per cent retail ownership in an industry that's still evolving, Sinor feels, is a positive development. Players, too, believe that the opportunity is large over the longer period. India currently has only 40 AMCs, while many of its Asian peers like China, Korea, and Taiwan have over 60-70 players. The US has a mammoth 600. "There is an opportunity for more players to enter, but the payback will be over a longer period of time, perhaps over 10 years for the newer players," avers Nanavati, the Religare AMC CEO.

Spreading financial literacy and a supportive policy environment could make MFs a preferred investment option. In time. ⊙

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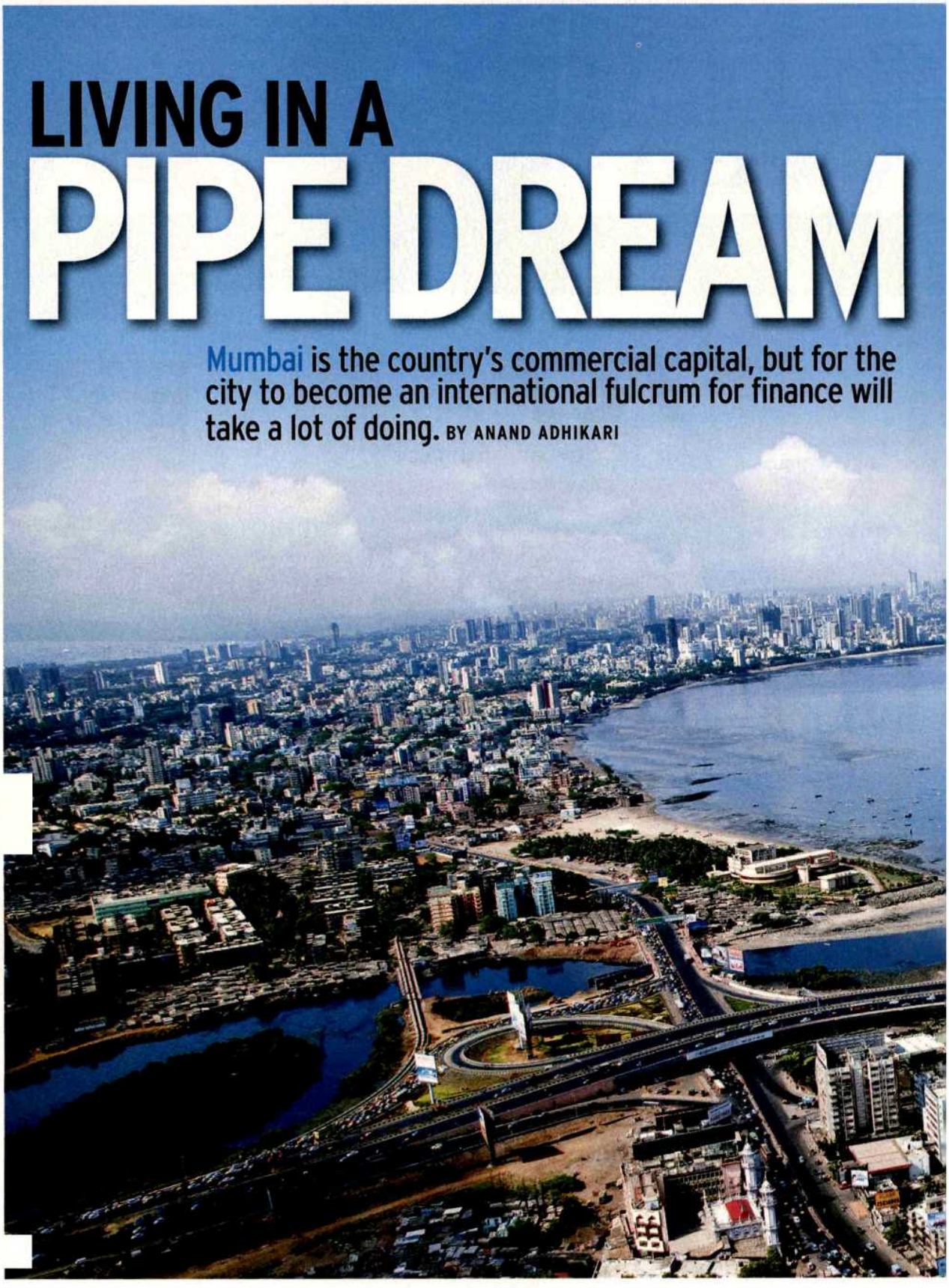
LIVING IN A PIPE DREAM

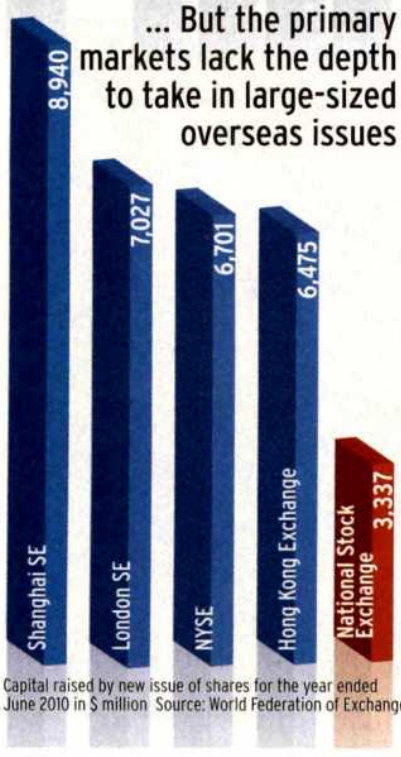
Mumbai is the country's commercial capital, but for the city to become an international fulcrum for finance will take a lot of doing. BY ANAND ADHIKARI



For 18 years, Malay Mukherjee worked with L.N. Mittal's ArcelorMittal, before leaving the world's largest steelmaker in September 2009. For many of those years, the 62-year-old specialist in mining and steel technology worked out of ArcelorMittal's seventh floor UK headquarters in Berkeley Square House in London. The view from his office was impressive — of the towering London Plane trees with their broad trunks, pale grey-green bark and maple-like leaves. But that pales in comparison to the view today from his 16th floor office at Essar House in central Mumbai — the sprawling Mahalaxmi Race Course, the adjoining golfing greens of the Willingdon Club and, of course, a panoramic vista of the Arabian Sea.

Now, Mukherjee didn't join the Essar Group for the view. The CEO of the Ruia flagship, Essar Steel, had also worked in Mexico, Kazakhstan, Germany and Luxembourg. When he joined the Ruias six months ago, it wasn't just a chance to head back to his homeland (Mukherjee was born in Asansol, West Bengal). As he takes in the landscape from his glass window, Mukherjee lets on: "The future of the developed world is not as great as that of the developing one... And Mumbai keeps you busy."

At around the same time that Mukherjee moved to Mumbai, Michael Geoghegan, CEO of HSBC, shifted the bank's base from London to Hong Kong. If that



KULDEEP

seems like an isolated setback for the British capital, let's not forget the way banks fell like dominoes in Europe and the United States soon after the carnage on Wall Street in the second half of 2008.

New York and London aren't going to lose their prominence as global financial centres in a hurry, but they do give emerging hubs like Mumbai, São Paulo and Beijing a chance to get a foot in the door of high finance. At a recent Reuters Emerging Markets Summit in São Paulo, a prevalent view was that as such fast-growing economies begin raising capital in each other's markets and buying each other's assets, they stand a chance of developing into international financial centres in their own right. Back home, when the London-headquartered Standard Chartered Plc in May raised half a billion dollars via an issue of Indian depository receipts, or IDRs — the first ever such issue by a foreign entity — it was a reminder of the potential that exists on Dalal Street and around it.

"There is definitely a shift happening towards the East," believes Uday Kotak, Executive Vice Chairman and MD of Kotak Mahindra Bank. "India is today a destination of choice as far as capital flows are concerned, both financial and strategic," adds Pramit Jhaveri, CEO of Citi India. And Manisha Girotra, CEO and Country Head of UBS India, fresh from a mobilisation of close to a billion dollars for the Gujarat-based Adani Enterprises, cites the successful $2.8-billion initial public offering, or IPO, of real estate major DLF in June 2007 as a harbinger of things to come.

Yet, one issue of IDRs isn't enough to make a Mumbai midsummer. For one, the Indian capital markets are fuelled largely by flows from foreign institutional investors, or FIIs, who are estimated to own 16 per cent in publicly-listed Indian stocks. "IDRs will get absorbed only if domestic investors are big buyers," points out Kotak. The share of retail investors in listed stocks currently stands at just eight per cent. Investor appetite for IPOs, too, isn't that high. "The primary market numbers today are not large enough compared to other global or even regional financial centres," says Ajay Srinivasan, CEO of Financial Services at Aditya Birla Group. For instance, many big-ticket Chinese IPOs get absorbed in the Hong Kong markets. Recently, the Agricultural Bank of China raised $19 billion via Hong Kong. In contrast, the Indian primary markets (IPOs, rights issues, private placements and preferential allotments) collectively raised $18 billion in 2009-10.

MUMBAI'S CHEERLEADERS...

VENUGOPAL DHOOT
Chairman, Videocon Group

"Mumbai is a global centre as one can virtually control all the big markets due to our time zone advantages"

MANISHA GIROTRA
CEO and Country Head, UBS India

"Today, a billion dollars can be raised in the Indian capital markets in just a matter of hours"

The debt markets, which have been virtually asleep for decades, are gradually being opened to foreign investors, albeit with trading limits ($15 billion in corporate debt and $5 billion in government securities). But foreign issuers are not allowed to

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Equity Derivatives: Options and futures contracts where the underlying assets are individual stocks or indices

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Interest Rate Futures: Hedges the interest rate risk as buyer takes an opposite position by entering an interest rate futures contract

Volatility Index: Captures the volatility in a index over a period of time

Algorithmic Trading: Uses computer programmes to enter trading order to give the best result in terms of pricing to a buyer or a seller

... BUT THERE ARE SOME GLARING GAPS

- **Absence of an independent debt management office:** The RBI is reluctant to issue rupee-denominated Indian public debt in global debt markets, which restricts growth of domestic debt markets
- **Lack of integration in financial markets:** Multiple regulators like the RBI, SEBI, IRDA and Forward Markets Commission make the task of regulation and supervision unwieldy
- **No capital account convertibility:** The argument for opening the capital account is that India is a capital-deficient country that needs large amounts of external capital to finance its development
- **Inadequate tax and legal reform:** Not enough is being done to rationalise taxation of financial services and transactions

Source: Based on the recommendations of the Percy Mistry-chaired high-powered expert committee on making Mumbai an international finance centre

raise debt in the country — and that may be just what's needed. So: an international railway project could issue bonds in the primary market in Mumbai. Global investors could then buy these bonds and trade them in the secondary market in Mumbai. Even Indian corporates could raise huge amounts of debt for mega-projects in infrastructure and related sectors.

The Indian equity market has doubtless evolved over the past decade, but then experts say the biggest chunk of trading in international finance centres is not built around equities. "The stakes are higher in products like currency and interest rate derivatives," says Srinivasan, who has spent five years in Hong Kong. Derivatives have just made a beginning in India, but for them to reach the sophistication — and not necessarily exoticism — of such products in the West will take some time.

A view prevalent in the country's commercial capital is that the time is ripe for capital account convertibility, which will allow for easy exchange of local currency with foreign currencies at market-determined rates. It is argued that India is a capital-deficient country, and needs dollops of external capital to finance its development. Similarly, experts point out that if India has to become an international finance centre, its multiple regulators (the Reserve Bank of India, the Securities and Exchange Board of India, the Insurance Regulatory and Development Authority, the Forward Markets Commission) have to be more integrated; or better still, a single regulator should take on the task of regulation and supervision.

... AND THE SCEPTICS

UDAY KOTAK
MD, Kotak Mahindra Bank

"There is a shift towards the East... We have the software, what's missing is the hardware of governance"

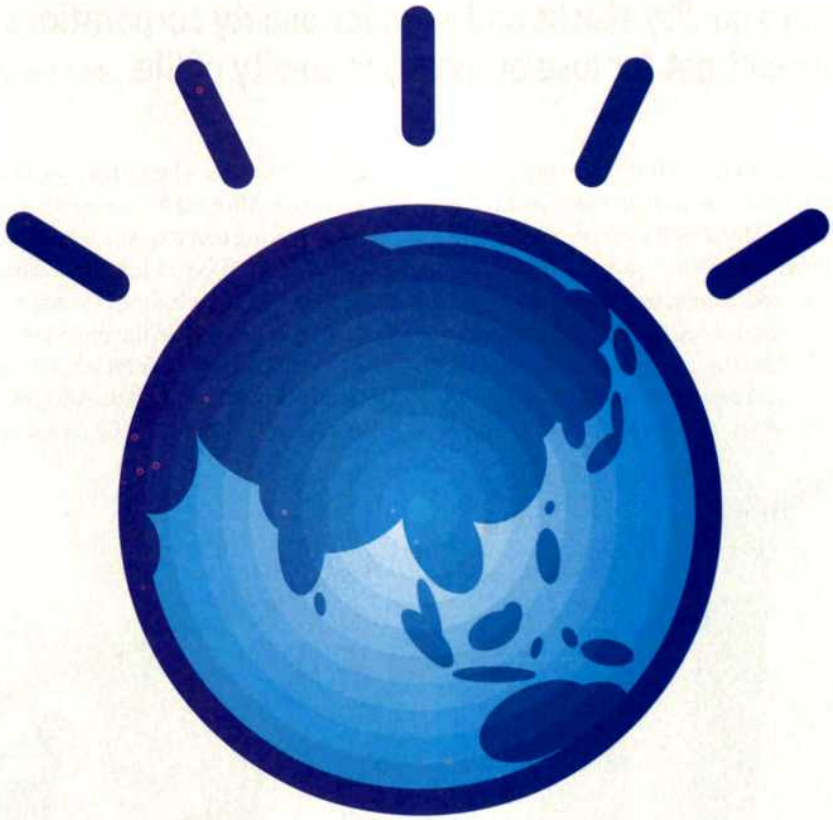
AJAY SRINIVASAN
CEO of Financial Services, Aditya Birla Group

"The primary market numbers are not large enough compared to the global financial centres"

For industrialists who have built their fortunes in the city, such hurdles aren't enough to dampen their enthusiasm. Says Venugopal Dhoot, Chairman of Videocon Group: "Mumbai is a global centre in the true sense as one can virtually control all the big markets of the world due to our time zone advantage."

That's great, but even if you assume that all the financial, legal and tax reforms are in place, Mumbai still lacks something that most financial centres — even regional ones— have: a quality of life. Srinivasan points out that in Hong Kong he could actually take time out for a jog during a lunch break, have a shower and get back into the office. "That's something we cannot think of doing here," says Srinivasan, with a shrug, as he looks down at the gridlock on the road below him from the 18th floor of the One Indiabulls Centre in central Mumbai. The solution doesn't call for rocket science. As Kotak says: "We have the software, what's missing is the hardware of governance." ⊙

Building a Smarter Planet: 1 in a Series



Welcome to the decade of smart.

A year ago, we began a conversation about how our planet can become smarter. A year into this new era, the signs of a smarter planet are all around us. Smarter systems are creating value in every major industry across the world.

Intelligence is being infused into systems and processes that make the world work — cars, appliances, traffic systems, power grids, even natural systems such as agriculture and waterways.

Trillions of digital devices, connected through the internet, are producing an ocean of data. And that information can now be turned into knowledge because we have the computational power and advanced analytics to make sense of it all.

In a study of 439 cities, those with transportation congestion systems reduced average travel delays by more than 700,000 hours annually. Leading retailers reduced supply chain costs by up to 30% and increased sales by up to 10%.

It's happening in India as well. Grameen Koota, a micro-finance organisation, employed a real-time data transmission system that drastically reduced loan approval processing time and increased their served customer base of 70,000 to over 400,000 in less than three years. Indian Railways implemented an automated Crew Management System to manage its workforce of over 100,000 employees, resulting in new efficiencies in daily operations.

We've learned a lot over the past year about what it takes to build a smarter planet. We've also learned about the issues it raises in India and elsewhere — like protecting personal information and securing critical infrastructures.

Business leaders, policymakers and government officials around the world are currently stepping up to these challenges. The time to act is now, and the way to act is together. The decade of smart is under way.

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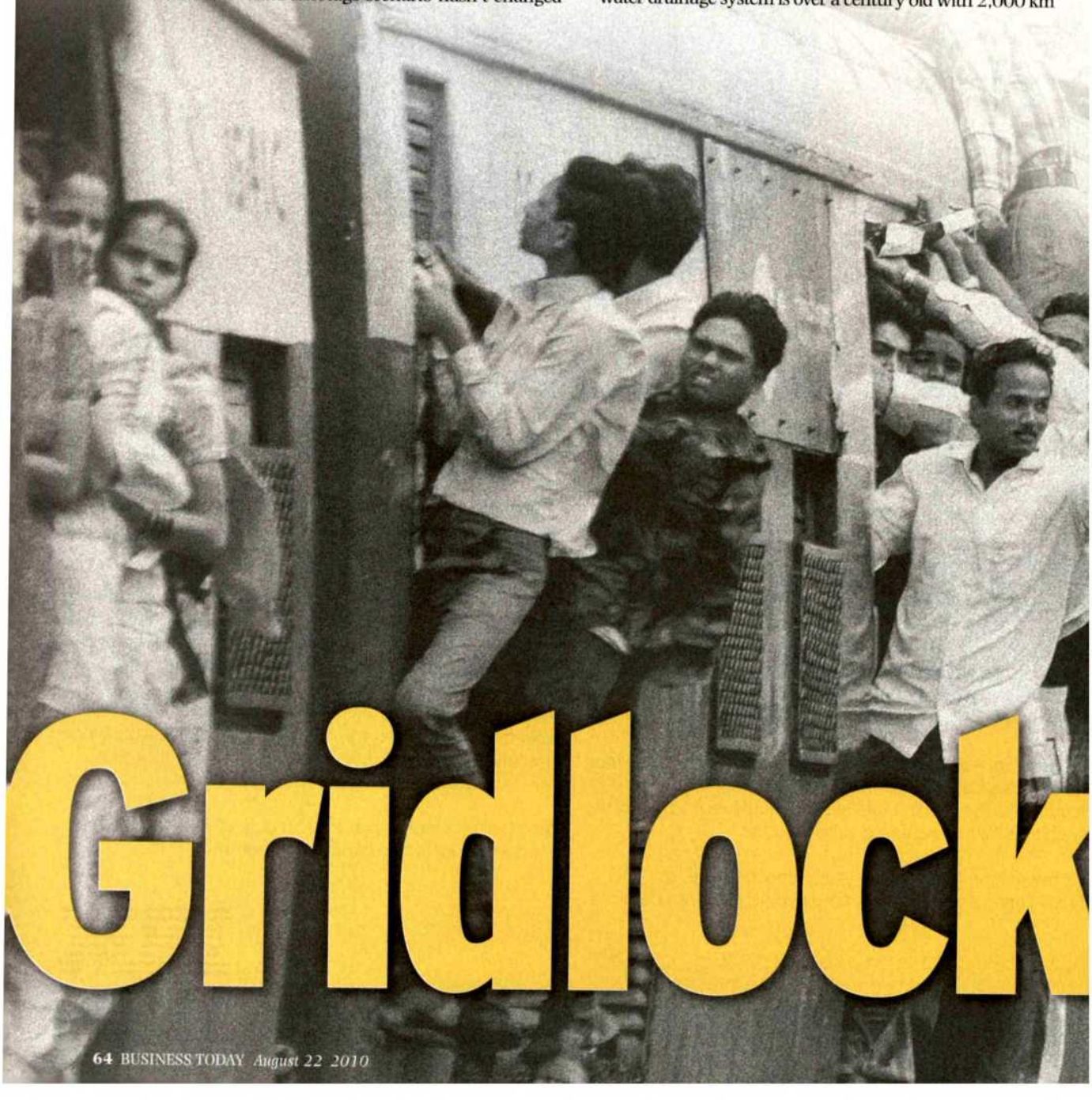
You can buy into quality stocks and work for quality corporations in Mumbai, but what you can't get for love or money is quality of life. BY T.V.MAHALINGAM

There are things that Pranab Dutta likes and dislikes about Mumbai. "No other place in India has a better work culture than Mumbai. It's still among the safer cities for women to work in," says the 60-year-old Vice Chairman and Managing Director of Knight Frank India, a property consultancy. Having lived in Mumbai for 40 years, Dutta has seen the city change a lot; yet some things remain the same. "People continue to hang out of local trains. The water shortage scenario hasn't changed much, too," he says, adding that even in terms of infrastructure creation, Mumbai has been rather reactive.

Even reactive might be an understatement. Take the case of the infamous floods of July 2006. Soon after, the government promised to repair the city's drainage system on a "war footing." Five years later, the project is yet to gather steam. (see *Five Vital Infrastructure Projects for Mumbai's Growth*). To be fair, this is not an easy task. After all, Mumbai's existing water drainage system is over a century old with 2,000 km



Gridlock

of open drains and 440 km of closed drains. Together, that's the length that the Ganges runs across India.

Delays and cost increases plague virtually every infrastructure project that's under way. Perhaps the problem in implementing such projects is their scale — but then Mumbai can't do with anything less. Mumbai's population of 13 million people is greater than those of the United Arab Emirates, Kuwait and Oman put together. And all these people are crammed on a strip of islets strung together by bridges and reclaimed land to create the world's most populous city with 29,650 people living per sq. km, according to the United Nations' State of World Population 2007 report.

With that kind of density, large infrastructure projects, which involve relocation of people, take time to happen. One reason for the slow progress of the Santa Cruz-Chembur Link Road, which will connect the western and eastern suburbs of the city, has been that over two dozen residential buildings came in the way of the proposed flyover.

This growing density of population is putting pressure on the city's infrastructure on two main fronts — urban transportation and housing. Celebrated architect Charles Correa believes that the city is shooting itself in the foot by not focusing on urban transportation. "More than anything else, we need public transport. This is what Bombay has always had — and everybody enjoyed a great deal of mobility," says Correa. "Sadly, for the last several decades, the city has not grown around public transport arteries — but in haphazard directions, usually determined by the kick-back available," he adds.

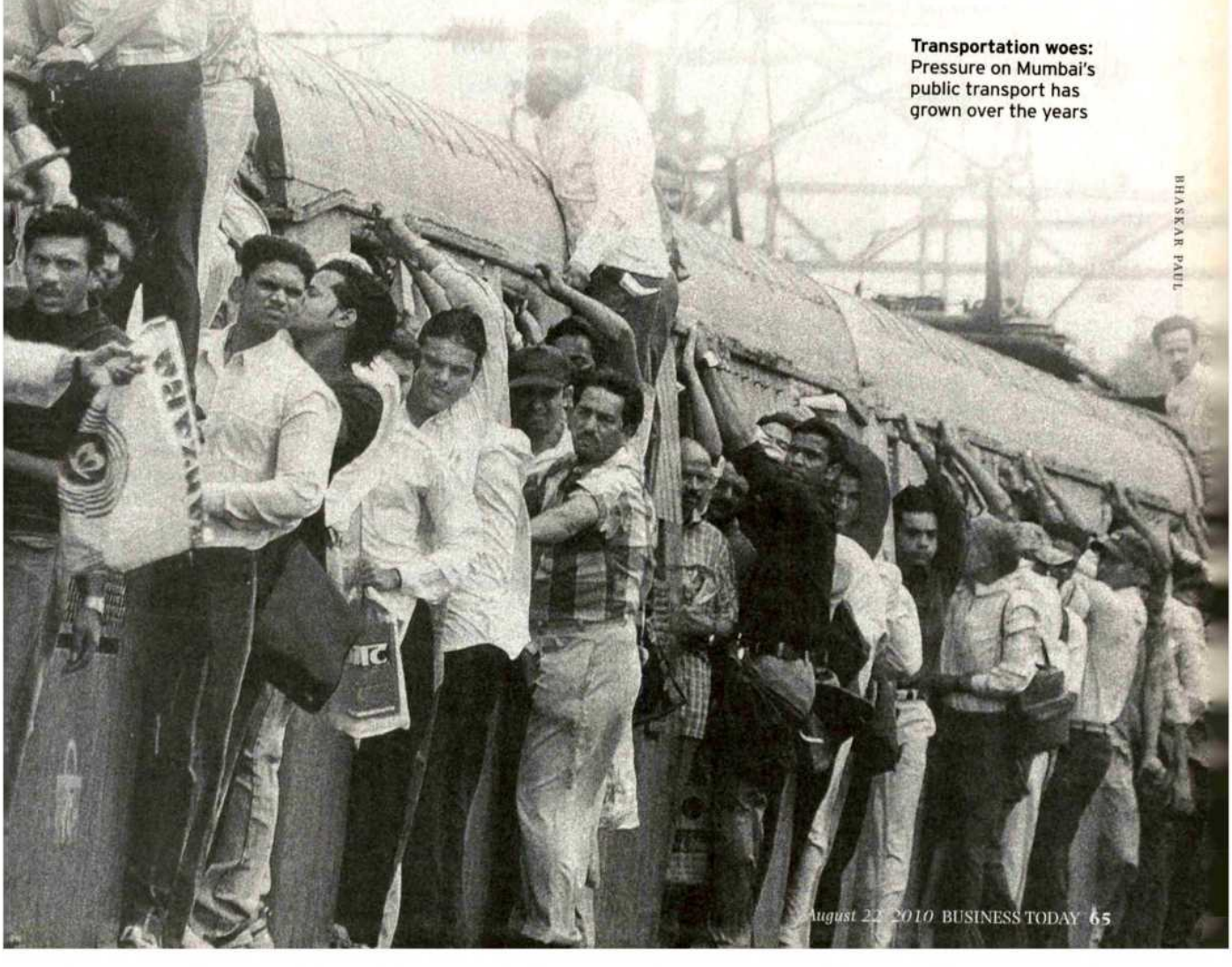
THE BOTTLENECKS

Lack of Accountability
Mayor has limited powers, and some 17 civic bodies (MSRDC, MMRDA, BMC, BEST) leave ample room for passing the buck

Lack of Central Planning
Thanks to the multiple agencies, there are often turf wars and procrastination. The BMC and MMDRA have clashed in public on many issues

Complex Demographics
Mumbai has more people per square kilometre than any other city in the world making any relocation of people a nightmarish proposition

Landlocked
Mumbai is a set of small islands that have been connected to each other. Unlike Delhi or Hyderabad, Mumbai cannot grow horizontally



Transportation woes: Pressure on Mumbai's public transport has grown over the years

BHASKAR PAUL

The state of Mumbai's suburban trains is adding to the city's transportation woes. Every day, close to 6.5 million passengers — roughly equivalent to Ireland's population — use Mumbai's suburban railway network. About 4,500 passengers cram into a nine-car train meant for 1,700 people, making it a truly cattle-class experience. That works out to about 16 people per square metre of the train. As any major track expansion on the ground is virtually impossible, the government is getting an elevated Metro Railway network and a monorail network going on a priority basis. The first phase of the Metro is likely to be operational by the year end.

Slums are the other big problem. Today, more than half the city resides in slums; in 1970 one in six Mumbai residents lived in slums. "Problems like housing and congestion are worsened by an over-concentration of jobs in the core of the city. Home to roughly one in three Mumbai residents, it still accounts for 72 per cent of the jobs. This makes road congestion almost unbearable for much of the day," reads a recent report by Legatum International, a London-based think tank. The report adds that two-thirds of the city's population lives on just five per cent of the city's land.

So what's ailing Mumbai? It's a song that's been sung many times. "There's a lack of accountability," explains Narinder Nayar, Chairman, Bombay First, a citizen's forum, which has prominent businessmen like Noel Tata and Nasser Munjee on its governing board. "The city's infrastructure is run by 17 agencies. We have an orchestra but no conductor," adds Nayar.

The lack of a central planning agency for the city's growth is also causing problems. "High rises are coming up all over the city. But there's little thought about how traffic management, waste management and infrastructure for these buildings will be managed," says Nayar.

But not all hope is lost. The state government has set up a "war room" which reviews infrastructure projects for the city on a regular basis. Moreover, the city has appointed a Singapore-based firm, Surbana Consultants, which will come up with a 40-year concept plan. "The report will be the first step towards the planned development of the Mumbai Metropolitan region," says Nayar. Or is it just another case of high hopes? ⊙

Five Vital Infrastructure Projects for Mumbai's Growth

Now, if only somebody could jumpstart them

BRIMSTOWAD (Brihan Mumbai Storm Water Drain)

GENESIS: In 1993, a proposal to build a gigantic storm water drainage system cutting across the city was mooted. The three-phased project was estimated to cost Rs 600 crore back then.
STATUS: As of March 31, 2010, of the 20 odd works in Phase I, only 11 have been completed. Unofficial estimates peg the project cost at well over Rs 3,000 crore by now.

Navi Mumbai Airport

GENESIS: First feasibility study done in 1990
STATUS: Despite 70 per cent of the land acquisition having been completed, construction of any sort has not begun. The Ministry of Environment and Forests (MoEF) has raised some 'serious environmental concerns' about the project.

Mumbai Trans Harbour Link

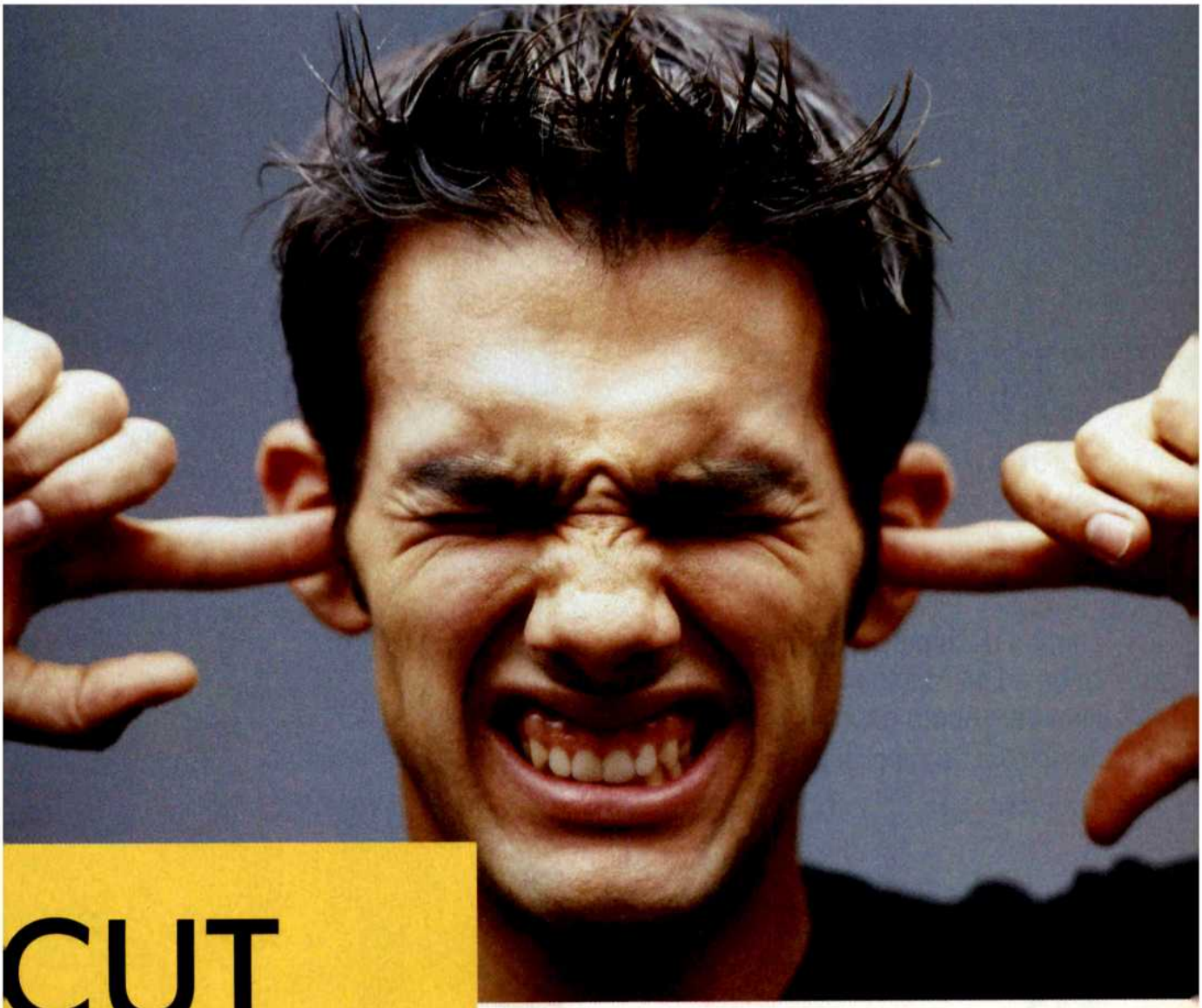
GENESIS: On paper for nearly two decades, the proposed bridge of 22 km will have six lanes (four roads, two metros) connecting Navi Mumbai on the outskirts to Sewri in central Mumbai.
STATUS: Originally, the Maharashtra State Road Development Corporation (MSRDC) was supposed to execute the project. Now, the Mumbai Metropolitan Region Development Authority (MMRDA) has taken over the project, although there's little clarity on when work will start. The project cost has doubled in the last three years to over Rs 8,000 crore.

Metro

GENESIS: Two lines expected to carry over 18 lakh people were proposed in 2003 and are expected to be ready by 2014.
STATUS: By the end of the year, phase I of Mumbai's Metro project (connecting Versova and Ghatkopar) is likely to be operational. And construction on a second line (connecting Charkop and Mankhurd), which was held up due to pending environmental clearance, is likely to start soon.

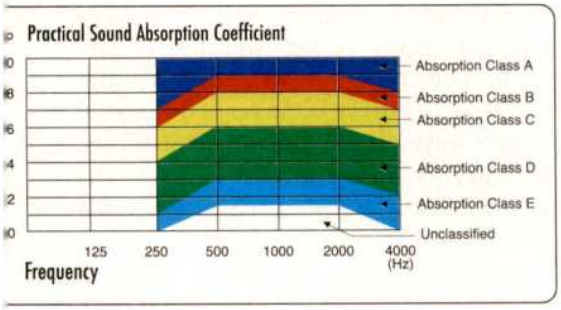
Santacruz-Chembur Link Road

GENESIS: This 6.5 km, six-lane elevated road, to connect the eastern and western suburbs of Mumbai, has been in the works for nearly a decade. Construction started in 2003, and was expected to be completed by 2006. When it is completed, a drive that takes well over an hour-and-a-half will be reduced to 20 minutes.
STATUS: After inordinate delays and a strongly worded rebuke from the World Bank, the project seems to be on track and the MMRDA, which is overseeing the project, expects to complete it by December 2011.



CUT NOISE

AND INCREASE EMPLOYEE PRODUCTIVITY



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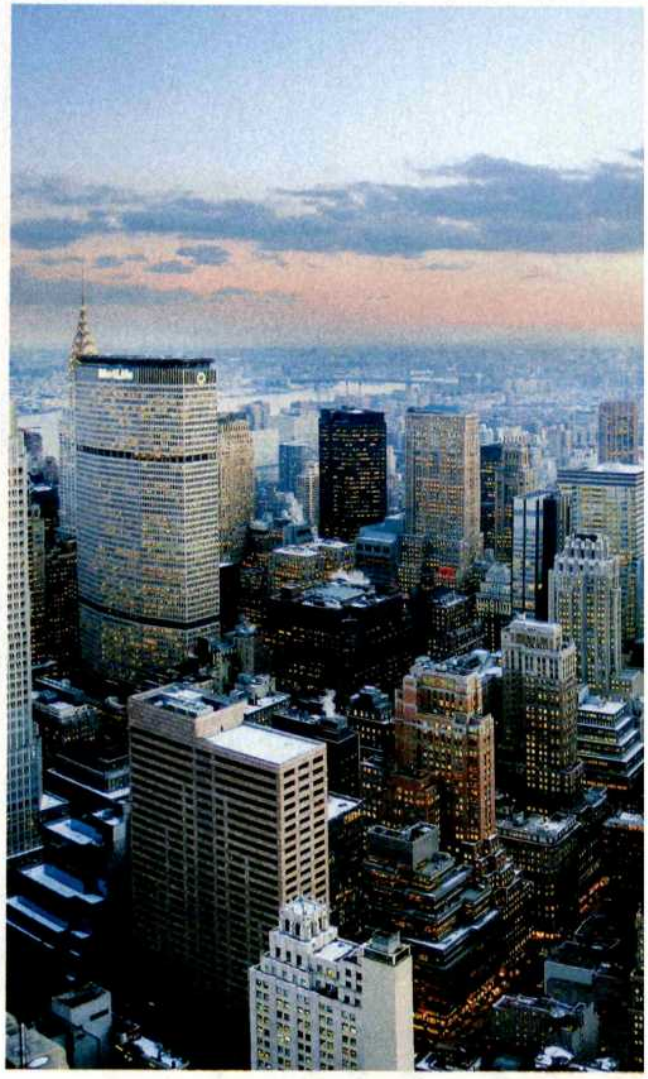
CITIES OF GOLD

There's nothing wrong in aspiring to be a London or a New York, but Mumbai should first try to get close to a Dubai or a Beijing.

BY SUMAN LAYAK



Mumbai has as much a chance of becoming an international finance centre as does Mexico City. Achieving the stature of a London or a New York, or even a Hong Kong or a Singapore, is fine as far as aspirations go, but the chances of achieving that standard are as remote as those of Mumbai's second airport — proposed more than two decades ago — coming up in the foreseeable future.

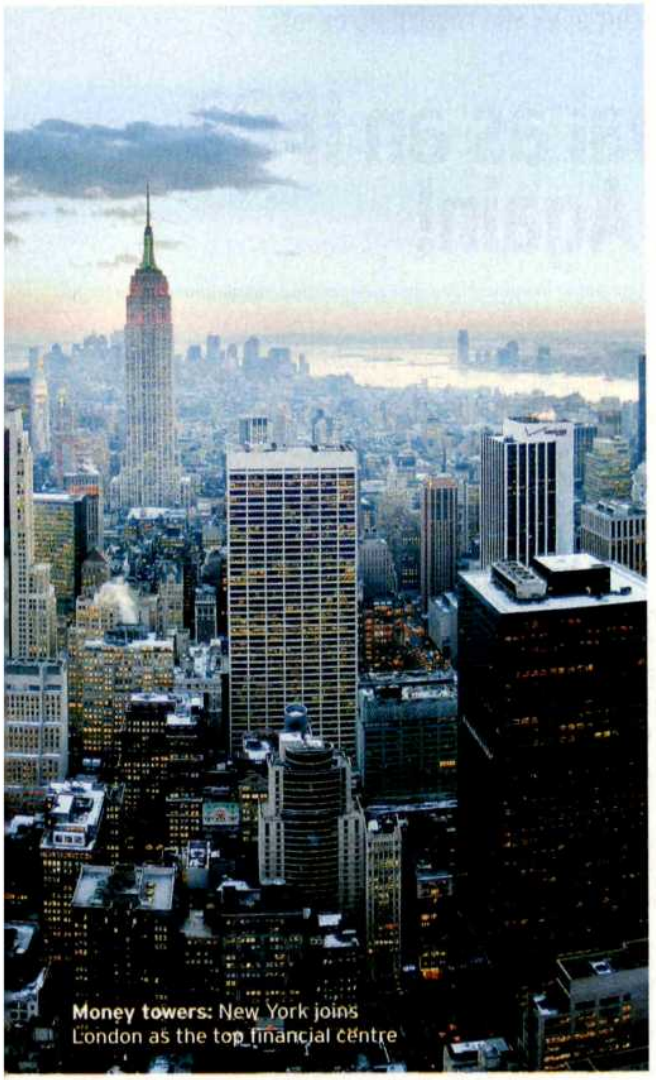
These are not the predictions of a doomsaying Mumbaikar, although you shouldn't have a problem lurching into such merchants of gloom in the city. Rather, these conclusions have been deduced from a biannual study that the Municipal Government of London has been commissioning on the top global financial centres (GFCS) since March 2007. The study, unsurprisingly, has always had London at No. 1, although the latest one for March 2010 has New York sharing the top slot (see *The Top Financial Centres*).

If you're wondering where Mumbai figures, it's at 58 amongst 75, down five places from the previous study, and rubbing shoulders with the likes of Mexico City (57), Rio de Janeiro (54, although Brazil does have São Paulo at 40) and Bangkok (61).

Apart from competitive factors like quality of service and availability of people that determine the ratings, this study on GFCS looks at three other aspects — the speciality or depth of services available in a city, the diversity or breadth of such services, and connectivity which, according to the study, is the key to a financial centre growing in stature. Respondents from across the globe are asked to assess financial centres that they are personally familiar with. The number of inbound assessments — responses from people at other centres — is used to judge how global a centre is.

The study divides the 75 financial centres into three parts as per their connectivity. Sixteen of them are Global, while another 29 have been grouped as Transnational. The remaining 30 are local financial centres. The cities are then grouped again as per the range of services they offer. Hong Kong, Singapore, Chicago, Frankfurt, Toronto and Zurich join London and New York as the top GFCS, offering 'broad and deep' services. Amongst the 'emerging' GFCS, we have Beijing, Dubai, Moscow and Shanghai.

Mumbai appears in the second rung — the Transnational Financial Centres (TFCS). Leading this pack is



Money towers: New York joins London as the top financial centre

THE TOP FINANCIAL CENTRES

RANK	CITY	PROFILE OF FINANCIAL CENTRE	RATING POINTS
1	London and New York	Global (Diversified & Specialised)	775
3	Hong Kong	Global (Diversified & Specialised)	739
4	Singapore	Global (Diversified & Specialised)	733
5	Tokyo	Transnational (Diversified & Specialised)	692
6	Chicago	Global (Diversified & Specialised)	678
7	Zurich	Global (Diversified & Specialised)	677
8	Geneva	Global (Specialised)	671
9	Sydney	Transnational (Diversified & Specialised)	670
9	Shenzen	Transnational (Specialised)	670
11	Shanghai	Global (Emerging)	667
58	Mumbai	Transnational (Emerging)	562

Source: Study on Global Financial Centres commissioned by the City of London

A Global FC denotes that 75% of respondents in other centres have experience of working in it

A Transnational FC denotes that 50% of respondents in other centres have experience of working in it

The rating points and rankings were arrived at by considering 64 factors encompassing People, Business Environment, Infrastructure, Market Access and General Competitiveness.

Tokyo, which has a rating higher than some GFCs like Zurich or Toronto, but loses out on connectivity. It has cities like Boston, Stockholm and Melbourne as the top TFCs. A lot of European cities are diversified TFCs — Amsterdam, Copenhagen, Dublin, Madrid, Milan and Vienna along with South Korea's Seoul. Almost all the specialist TFCs are in island nations that can also be tax havens — the British Virgin Islands, the Cayman Islands, Taipei and the Isle of Man. Keeping Mumbai company among the emerging TFC contenders are Bangkok and Kuala Lumpur.

The ideal route for Mumbai would be to move from being an emerging TFC to a diversified TFC and then get into either the emerging GFC slot or that of an established TFC with depth and breadth. Interestingly, there are some cities that have a higher rating than Mumbai but are not considered TFCs, only as Local Financial Centres, which form the third and lowest rung. Among them are Washington DC and Johannesburg — considered broad and deep LFCs.

The traditional GFCs of Hong Kong and Singapore figure at No. 3 and No. 4, respectively, ahead of the emerging centres like Dubai, Shanghai and Beijing. Notwithstanding the rapid strides being made by the emerging economies, Hong Kong appears likely to cling on to its pride of place for some time to come. "Hong Kong has a huge hinterland advantage with access to a Chinese customer base, which is not the case with Singapore," says Ajay Srinivasan, Head of Financial Services at the Aditya Birla Group, who has spent four years in Hong Kong with Prudential Asia. "Many Chinese companies raise billions of dollars through the Hong Kong market. The liberal tax laws — both for individuals and companies — make Hong Kong and even Singapore attractive destinations for corporations and financial services companies," he adds.

The hinterland is an advantage that Mumbai shares with Hong Kong. But that may be the only one, what with the capital account unlikely to be opened up in the short term, and tax and legal reform moving at a snail's pace. ⊙

BY NASSER MUNJEE, CHAIRMAN OF DEVELOPMENT CREDIT BANK AND FORMER MD OF IDFC

Mumbai as an IFC? Think Again!

Mumbai has had the potential to emerge as a regional financial centre between Dubai and Singapore for over a decade. We still have that opportunity but it would appear, by the theory of revealed preference, that we don't care for that opportunity and, in all probability, will do nothing about it.

Percy Mistry had headed a committee on just this topic three years ago. It gave a comprehensive overview of the basic requirements for financial sector reform and regulation if we were serious about emerging as such a centre a decade down the line. Of the 48 recommendations presented in the executive summary of the report, however, not one has been attempted so far.

As that expert committee report pointed out, London, New York and Singapore are the only global international finance centres today. Many aspire to achieve this status, namely, Shanghai and Dubai. Paris, Frankfurt and Tokyo connect their financial systems to the world. Clearly, what these places have in common is that they are all world-class cities with open financial systems, reliable forms of governance, efficient legal systems that offer living environments with rich cultural and entertainment facilities. These are essential ingredients to attract the category of people required to operate the complex operations and markets that a robust financial system would require.

Would Mumbai meet any of these requirements? Clearly not. Even if we were to aspire to be a regional financial centre, we would have to take on the infrastructure that Dubai, Singapore and Hong Kong offer today. Mumbai is in a state of extreme decay. Its infrastructure is broken. We cannot aspire towards 24 hours of clean and reliable water supply. We have woefully inadequate sewerage and waste disposal, a creaking transport system and limited connectivity. Governance systems are conspicuous by their absence while anarchic political practices prevail.

Why are we prepared to ignore both the competitive and comparative advantage we possess in terms of location, quality of human resources, and indeed leadership, in financial services throughout the world, and not least in the very financial centres that compete with us? Why, indeed, are we willing to consume financial services in competitive locations done by Indians for Indians in international destinations because these services are not available at home? And why do we persist in destroying the city that sustains us and could be a truly global city? The answer lies in the lack of three concepts: caring, leadership and governance.

We need to care to do something first — set ourselves clear objectives, the means will follow. We have no such clarity. Caring is the first ingredient of leadership. Effective leaders care. Our governance systems are the relics of an era long abandoned — something I call "Sovietism". We are littered with "para-stratal" organisations, undemocratic city practices, development plans that mean nothing for the future of the city but rather are designed for rent seeking by those empowered by rules. Globally, major, successful cities are run by mayors — either appointed or elected by their citizens. India does not seem to believe in this principle, for cities at least.

Are we really likely to be able to offer both competitive and comparative advantage for Mumbai to emerge as a regional financial centre? I hardly think so. We have all the potential for this role if we care to achieve it. But do we care? Do we have the leadership this will require? Above all do we believe in governance for the people by the people? Our starting point needs to be to govern Mumbai considerately for its citizens. The rest will follow. ⊙

Our governance systems are the relics of an era long abandoned — something I call "Sovietism". We are littered with 'para-stratal' organisations, undemocratic city practices, development plans that mean nothing for the future of the city but rather are designed for rent seeking by those empowered by rules.

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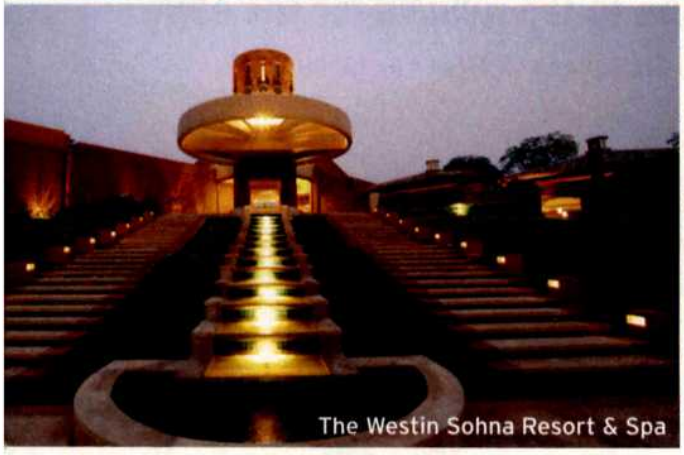
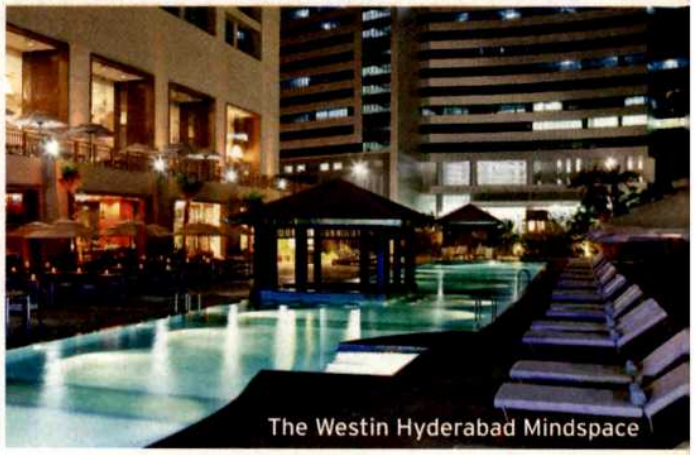
The Westin Mumbai Garden City


The Westin Sohna Resort & Spa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Angels in the Crowd

Start-ups now have a simpler route to tap funding for the early stages than venture capital. BY ANUSHA SUBRAMANIAN and RAJIV BHUVA

ALANKAR

Neil Sequeira wants $40,000, or just under Rs 20 lakh. The 31-year-old entrepreneur, who founded BuzzFactory.net in Pune last year to provide social media marketing solutions, has a team of six, including one member in New Zealand, which works mostly out of home. BuzzFactory's objective is to promote online visibility for clients and cut through the clutter to reach their target audiences.

Since Sequeira is no stranger to start-ups — he's worked with a number of them since 2000, including one headquartered in San Jose, California — the venture capital (VC) community isn't alien to him. But VCs may not be quite what the doctor ordered for BuzzFactory. "They were interested in the idea but were keen to invest amounts that were larger than my requirement," explains

Sequeira. "I need funds for the next two or three years to increase our marketing capabilities," he adds.

Three months ago, Sequeira found an unlikely solution to his funding needs — a social networking site called growvc.com, which helps start-ups secure initial funding of up to $1 million or Rs 4.6 crore. Initially conceived as a platform for just tech companies, Grow VC International's networking site is today open to start-ups from just about any sector. Ironically, Sequeira got in touch with Grow VC when it was looking to recruit software developers and content managers for building its global portal. Today, BuzzFactory manages the online content for Grow VC, and is also registered as an expert service provider on Grow VC's global website. For his funding requirement, Sequeira will enlist himself as a start-up to seek funding from Grow VC's Indian network.

Grow VC is based on the concept of crowdfunding — which enables entrepreneurs to tap into a stash created with contributions from virtual strangers. Thus, the Grow VC website brings start-ups, experts, investors and various other entities working in this domain together on a single platform. Along with funds, this platform offers tools and expert advice to start-ups. Since its commercial launch in February 2010, Grow vc has attracted 3,358 registered members, with the 'funder-to-start-up' ratio standing at 55:45. "We are adding 400 new members every month," says Jouko Ahvenainen, Chairman of the Hong Kong-based Grow VC International. "Right now, we have tapped just Internet-savvy people, but with more members and word of mouth, the increase would be exponential," he adds.

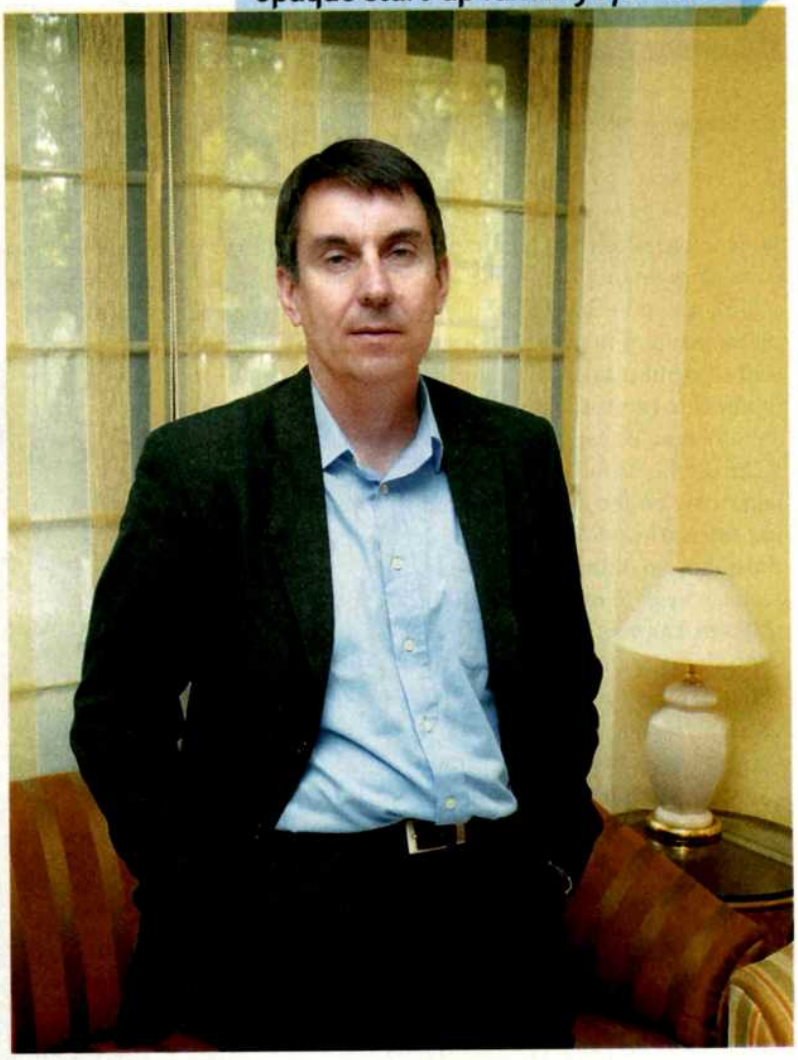
For entrepreneurs who can make do with under a million dollars at the start, an online platform with a community-based approach to seed-funding may be a more practical alternative than either venture capital or private equity. Both VC and PE financing are complex and expensive. "It (VC and PE funding) is not optimal for start-ups.... A combination of social networking and a marketplace helps in creating a positively disruptive platform," the Grow VC International Chairman points out.

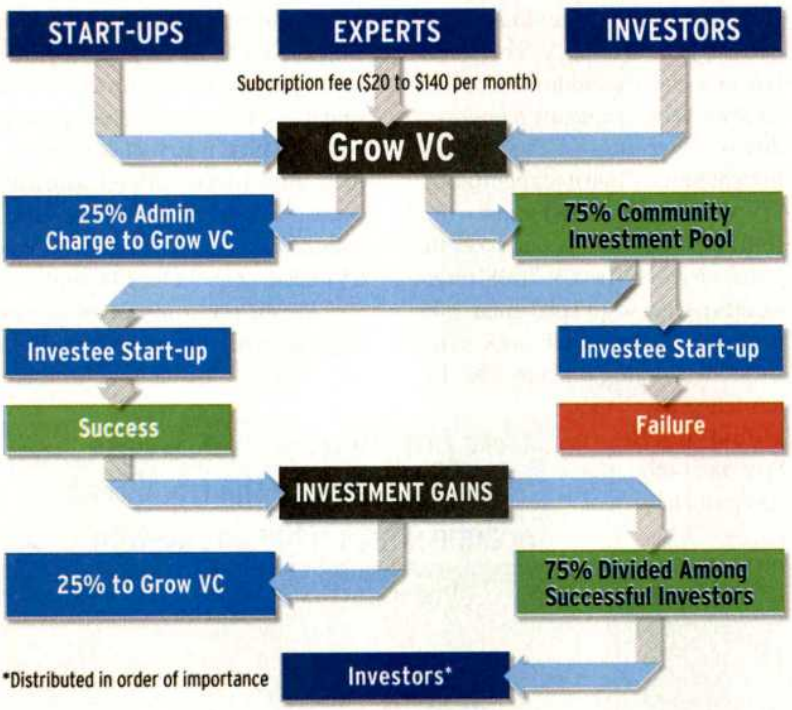
Ahvenainen should know—he's seed funded seven companies over the past nine years. Then, in 2008, he got together with Valto Loikkanen, now Grow VC's CEO, and began work on the social networking concept. The duo launched Grow VC's global portal in February after the successful launch of its beta version in September last year. Earlier, in August 2009, the Pune-headquartered IndiaCo Ventures, an investment management firm listed on the Bombay Stock Exchange, picked up a 4 per cent stake in Grow VC for an undisclosed amount. Recently, Grow VC announced a virtual VC co-investment fund, which will work alongside Grow VC's community funding model. IndiaCo has committed to invest $5 million or about Rs 23 crore in it.

"We are not VC ourselves, but are facilitators to help match ends," says Loikkanen. "We believe this is a

JOUKO AHVENAINEN, Chairman, Grow VC

"We are here to fix the traditionally opaque start-up funding system"





UTTAM

much more effective way of raising early-stage funding," he adds.

While you can register for free on the portal, you need to be a subscribed member to upload a start-up profile or to access such profiles. The subscription fee varies from $20 to $140 (Rs 920 to Rs 6,440) a month, depending on the amount of funding the start-up is keen to raise or the quantum of investment the investor is keen to make through the platform. Lawyers, accountants, and consultants can also hop on to the platform for business opportunities.

The revenue model for Grow VC revolves around the subscription money that members pay. But, there is a slight twist here. Of the money that goes towards fees, 25 per cent is taken away by Grow VC to recover administration costs and the rest is earmarked for the members to allocate to the start-ups of their choice listed in the network. This portion is held separately in a community investment pool, which now totals $12.75 million or about Rs 60 crore.

Investors in successful ventures will get a share of the gains at the time of exit. That share is decided based on the level of involvement. For instance, the member who spotted the start-up and invested first could get 10 times more than the investor who was the last to invest in the same start-up. Here again, Grow VC will take away 25 per cent of the gains before distributing the balance among eligible investor members.

In a way, Grow VC has turned the VC/ PE model on its head. While VC/ PEs look to have a smaller cut (2-3 per cent) of a larger investment pie, Grow VC takes a larger share (25 per cent) of a smaller investment pie. And as Ahvenainen points out: "We make money only if our members make money."

"This is a novel concept," says Jacob Mathew, Managing Director of MAPE Advisory Group, a Mumbai-based investment banking outfit which works closely with private equity investors. Mathew points out that the social networking model works well for early-stage funding, which is an unviable area for an investment bank. "The efforts that go into getting a start-up funded are no different from those involved in making a growth investment. And the latter is more remunerative because of its larger ticket size," explains Mathew.

SATISH KATARIA, MD, Springboard Ventures

"The model cannot sustain only on an online platform"

Offline Traction

When the funding commitments to a particular start-up breach 110 per cent of its targeted funding requirement, the model moves offline. "Offline traction is essential because companies function in the real world," says

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Rahul Patwardhan, Vice Chairman and MD, IndiaCo Ventures. The founders of Grow VC realise the importance of an offline presence. They plan to have four or five local partners across Grow VC's global network. In India, Grow VC has already roped in the Mumbai-based Springboard Ventures, a start-up incubating firm, as a local partner. Springboard Ventures offers mentoring services to start-ups, apart from investment management services for investors. "The model cannot sustain only on an online platform," says Satish Kataria, Springboard's Managing Director. "We have a lot to offer to both start-ups and investors," he adds.

While Grow VC is a first of its kind platform to facilitate funding for start-ups, there are similar online models that have been started for entrepreneurs. Launched in November 2005, Kiva is the world's first online micro-lending platform. As of November 2009, Kiva had facilitated $100 million or Rs 460 crore in loans. The minimum amount loaned by Kiva is $25. More recently, Bain Capital opened a virtual centre in Boston for connecting entrepreneurs and industry experts to help entrepreneurs refine their business ideas. However, Grow VC's model of online crowdfunding for start-ups is one of a kind. Kiva does provide loans to entrepreneurs by partnering with microfinance institutions, but its larger objective is poverty alleviation.

NEIL SEQUEIRA, Founder, BuzzFactory

"Venture capitalists were keen to invest amounts that were larger than my requirement"

But how successful can this model be in creating sustainable businesses? "The main focus for social crowding is initiatives and projects and not necessarily launching new companies," says Donie Lochan, Head, Asia-Pacific IT practice, Bain & Company. "The worry with crowdfunding is that it could lead to herd mentality and therefore lack the analysis that goes with making an investment," says Saurabh Srivastava, co-founder of the Indian Angel Network, and also Chairman, India, for CA Inc., a business software company.

Also, start-ups by nature are high-risk, with nine out of 10 destined to fail. "The risk of being an entrepreneur and a business failure does not go away," admits Ahvenainen. Another problem is the prospect of business plans being copied — start-ups have to be careful to reveal just enough to get investors interested. Revealing too much can run the risk of their plan being hijacked. Yet another worry is that smart ideas will find other avenues for funding, with only the leftovers hitting such platforms.

Yet, Grow VC's power lies in the platform. "The concept of socially validating a business idea will certainly alter the way investments find their way into startups," says IndiaCo's Patwardhan. "Social networking has already changed the way people behave. We are here to fix the traditionally opaque and mysterious start-up funding system, as the next big thing is out there and shouldn't slip between the cracks," adds Ahvenainen. BuzzFactory's Sequeira will agree. "These $5-20 investments can help start-ups like ours looking for smaller funding to reach the next level," he says. ⊙

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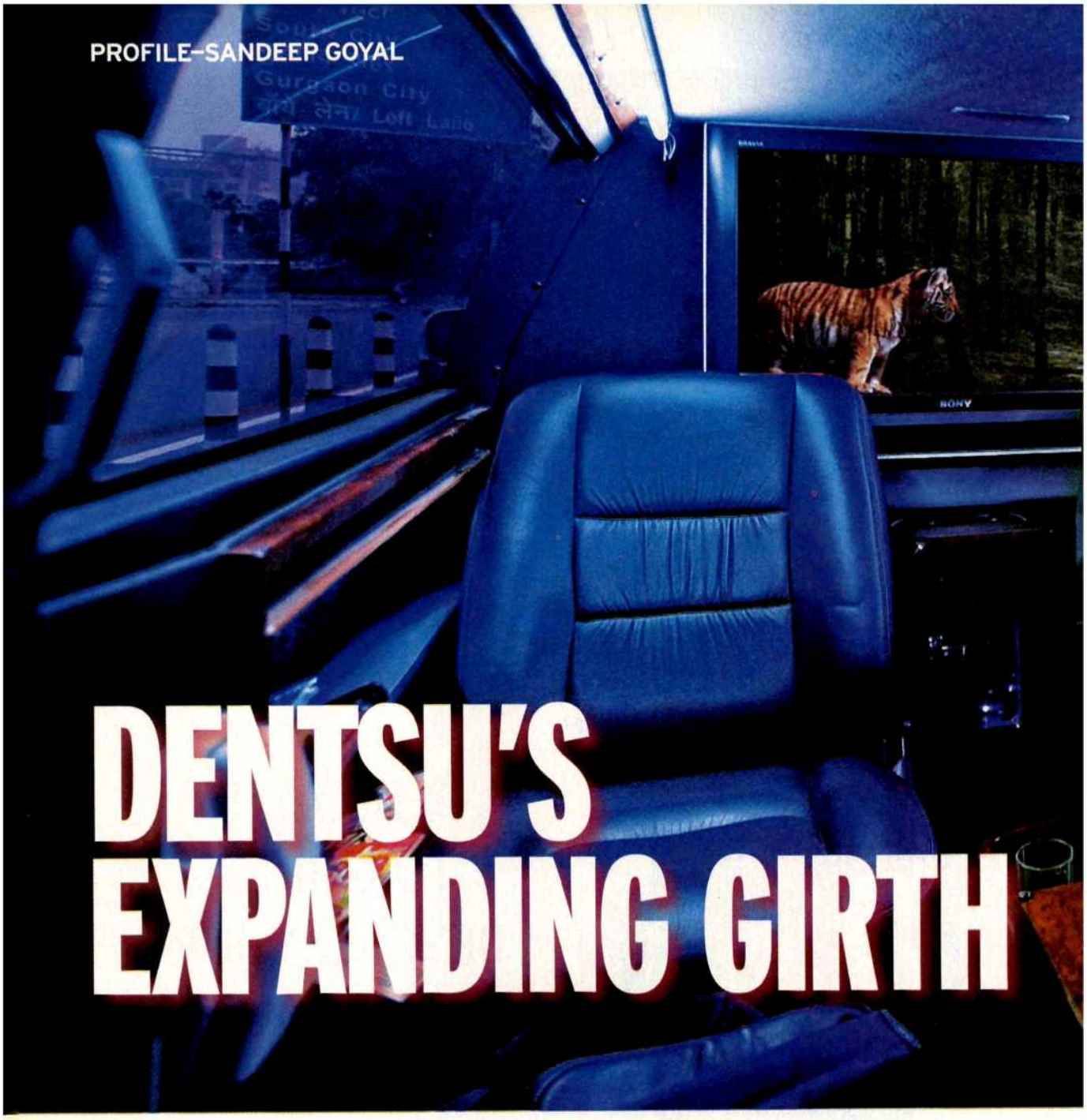
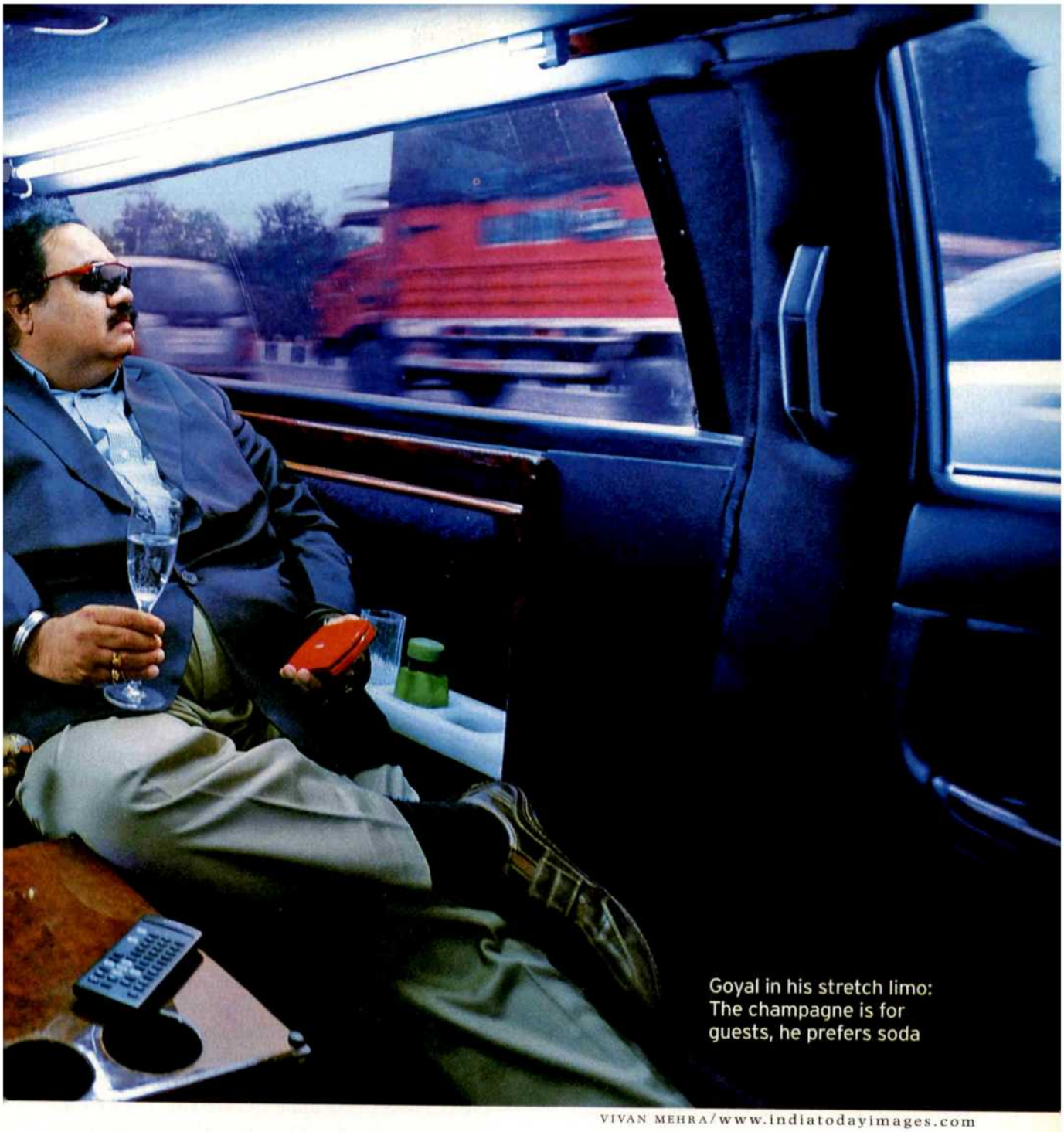


DENTSU'S EXPANDING GIRTH

He's the man the ad world loves to hate but Sandeep Goyal knows how to grab attention. BY SHAMNI PANDE

An involuntary shudder goes down the spine of most advertising professionals at the mention of his name. Not because Sandeep Goyal, Chairman of Dentsu India, looks especially menacing at 5'8" and 200lb-plus. Or because Dentsu India's size scares them (its billings are expected to be Rs 1,200 crore this year). Or because Goyal's company, a 26:74 venture with Japan's Dentsu Inc, the single-largest advertising agency in the world by billings, has some of the bluest of blue chip clients.

People recoil because if Goyal believes in something, then "he can get very ugly, even with a client," says an industry veteran who heads an agency. The latest instance was his decision to contest elections for the president's post at the 3As of I, or the Advertising Agencies Association of India, held at its annual meeting on July 30. The industry body, which is dominated by international networks such as WPP, Interpublic, Publicis, Havas and Omnicom, represents business worth over Rs 21,000 crore. Goyal's bid for the post was sparked by a dispute between Dentsu and a client, in which



Goyal in his stretch limo: The champagne is for guests, he prefers soda

VIVAN MEHRA/www.indiatodayimages.com

he felt he had been let down by the AAAI. In the event, Goyal lost, by just two votes. Asked to comment, Goyal shrugged: "What can I say...46-48", referring to the number of votes.

Earlier this year, he had rocked the boat as a member, complaining to the AAAI that his client Thomas Cook India had shifted its business to rival JWT without clearing money that it owed to Dentsu as payments to media in which it had advertised. In the final settlement, it held back Rs 1.35 crore.

Thomas Cook has a different story. "We found releases billed at different rates and wanted a resolution," says Rakshit Desai, Executive Director.

Advertisers usually work through agencies accredited by the Indian Newspaper Society or INS. The advertising agency places the ad in say, a newspaper, after negotiating a rate with it. Sometimes, as in the Thomas Cook case, the advertiser and media group negotiate the rate directly. After the ad is published, the newspaper bills the agency. In this case, the bill was sent to the agency without the bonus/ discount that was discussed between Thomas Cook and the media group, The Times of India, in this instance.

Goyal says he had gone ahead and cleared the media group's dues. But when Thomas Cook did not pay him, he approached the AAAI seeking arbitration and dialogue. "First they sat quiet and later just issued a communiqué stating the problem, without hinting at any action," Goyal says. Goyal and Desai have conflicting versions about the arbitra-

TWO OLD FRIENDS MEET, AN AGENCY TAKES SHAPE

Dentsu Inc. set up shop in India as a defined entity only in October 2003, before which it had been in the market here as minority partner in a couple of ventures. One was with Rediffusion and another with the Publicis Group, when Leo Burnett set up a second agency called Orchard.

In 2002, when Dentsu was thinking of forming its own agency, Fumio Oshima, the No.2 at Dentsu Inc, happened to meet Sandeep Goyal again. (The two first met in 1995, when Goyal was Rediffusion's branch manager in Delhi, and Oshima head of global business at Dentsu Inc, and had remained in touch.) Goyal had just quit Zee and was planning to turn entrepreneur. Oshima offered Goyal a 24 per cent stake. This was when he met T. Takashima, who was to become Dentsu Inc's president and a very close friend.

Today, Dentsu has three full-service advertising agencies: Dentsu Communications, Dentsu Marcom and Dentsu Creative Impact. It also has a design unit called IKI, one for the internet called Dentsu Digital, a CRM unit called ClozR, Dentsu Sports and Citizen Dentsu.

Another important venture, Mogae Digital, also has a friend link. Ralph Marshall, now Deputy Chairman of Malaysian media group Astro, and Goyal had first met in the 90s. In 2008, they met again when Dentsu was pitching for the Aircel account. Astro group firm Maxis controls Aircel.

Mogae Digital has five companies under it. There is Mogae Digital Momics, which provides comics for mobile phones, ScreenAgerz and Garden of Love for the social networking business, Indian Fantasy for mobile and online gaming and Diginatives for direct-to-home TV and gaming content.

tion option. Goyal then filed a petition in court seeking the winding up of Thomas Cook, and got a payment of Rs 90 lakh. Thomas Cook's Desai says the decision to pay it was taken before the court order was served. Goyal claims Thomas Cook cleared the balance only after he approached the INS and it put an embargo on all advertisements by the company in member publications.

JWT chairman Colvyn Harris, who had stepped down from the AAAI president's post half-way into the usual two-year term, says the fracas could have been avoided. "Such disputes require careful, mature handling and there are no instant-coffee-like solutions. We suggested a discussion where all the parties could sit together and sort out the issue, but he (Goyal) did not agree," he says.

Desai says he settled because he did not want the dispute to escalate ("it was unworthy of so much attention"), but he feels frustrated. "I am not saying this discrepancy was deliberate. But the advertising agency has an industry association to go to — what happens to clients like us who face such an issue?"

Goyal is upset for being seen as a "troublemaker". "I cannot sit quiet when someone tries to falsely accuse us to basically get out of their dues," he says.

For Goyal, the dispute was the excuse he needed to shake up the AAAI. "It has just been working on auto-pilot.... The interest of the small agencies and regions are not considered and it has become a coterie of a few big agencies," he complained before the elections. Quite a few agency bosses had, in fact, bet on Goyal's chances. "The fact is, Goyal is a doer... people may not agree with his methods or his aggression. But, in my own guarded way, I support him," the head of an agency that is part of a large network had said.

Goyal said: "...the important thing is that I have at least managed to kick awake a sleeping body." Regardless of the outcome of the July 30 vote, he has clearly achieved that.

Start-Up Hiccups

If Goyal is rough, how has he managed to snap up the choicest of clients? Well, Goyal seems to be great at making long-term friends and networking, even though he shuns late night parties and prefers a home-cooked dinner at 8 p.m. with wife Tanya and daughter Carol. He is also known to really pamper his clients. Every Diwali, for example, Goyal's clients look forward to his gifts of studio pottery, 40 pieces specially created and signed by an artist commissioned by Goyal. In Japan, studio pottery is a major art form, so the gifts are a natural fit with Dentsu's parentage. In recent years, Goyal's clients have got signed pieces from Darroze, Ange Peter, Manisha Bhattacharya, Madhur Sen and Abhay Pandit.

"At the end of the day he's a great builder and he's just the kind of guy who I would want on my team," says Kamal Oberoi, Chairman, M&C Saatchi. Oberoi was Goyal's senior, first at Delhi University's Faculty of Management Studies, then at Goodlass Nerolac. Later, Oberoi hired Goyal at HTA (now JWT) in Delhi.

Jagdip Bakshi, global business director for Unilever at JWT London, also has some praise. "Goyal is an acquired taste, but you cannot deny him his ability in getting things done and he's extremely good at client servicing. And he's very hard-working," says Bakshi, who was Goyal's senior at HTA, where Goyal started his innings in advertising.

Goyal is also good at building teams and getting them to pitch non-stop for business. "We were pitching for business even before we formally rolled out in October 2003. I was his first employee and started working from home," says Ruchira Raina, Managing Director, Dentsu Communi-

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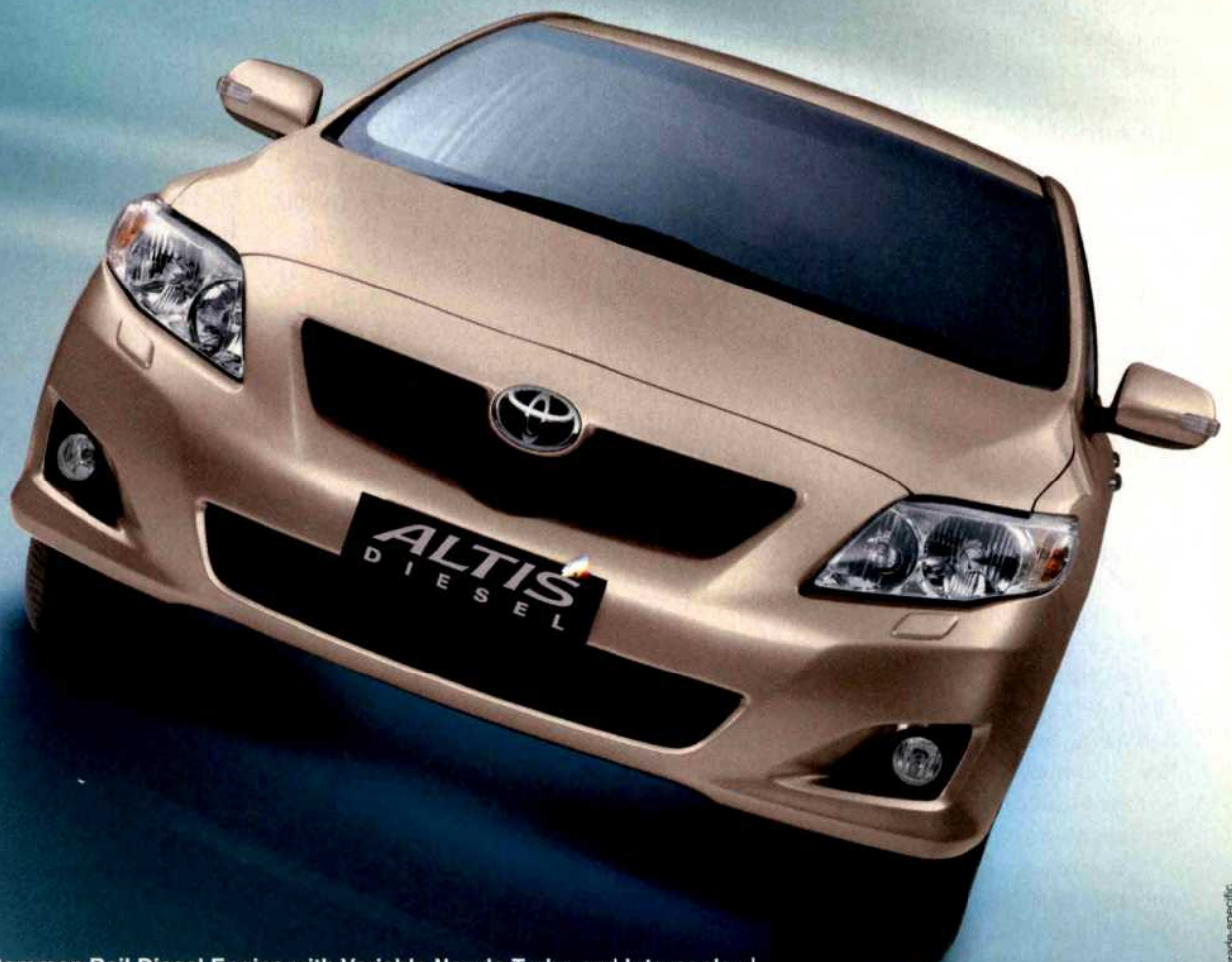

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cations, which was set up in Bangalore to handle the Toyota account. And accounts did not fall into Dentsu's lap just because of the Dentsu Inc. link, as rivals claim.

"We had to convince them of our strategy, they had to be comfortable about a woman heading a business and, eventually the work had to have impact," says Raina.

Here's where Goyal's loyalties and faith in friends paid off. "I remember Goyal being very friendly with Gullu, who was heading the creative side, and it was a great partnership between them," recalls JWT's Bakshi, referring to Sabyasachi Sen, now Dentsu India's Executive Vice-chairman and Chief Creative Officer. Gullu was behind the Aamir Khan commercials for Toyota Innova and HDFC Standard Life Insurance's *Sar Utha Ke Jiyo* campaign that set the tone not just for the brand, but defined the category. Another success story: Aircel's social communication on tigers which got great media buzz.

The Dentsu organisation in India has a good collection of talent as well as accounts. At Dentsu Communications, there's Shivanand Mohanty as National Creative Director. Its accounts: Toyota, Yamaha, Panasonic, Aircel, Acer, Indian Oil, Delhi Government.

At Dentsu Marcom is Mohanty's counterpart Adrian Mendonza, with Nitin Suri as the Executive Creative Director. Some accounts: Honda, Canon, Raymond's, IndiaBulls, Crabtree. Dentsu Creative Impact, where Kunal Gill heads the creative function, has Maruti Suzuki, Unicharm, Jaypee Greens, FedEx.

Dentsu's team has been able to get business outside its international affiliations. Dentsu won the HDFC account just a year after it set up shop, competing against Ambience Publicis, JWT, Capital and incumbent Canco. "The pitch was done across two rounds of extensive strategy and creative presentations by all the agencies involved," affirms Sanjay Tripathy, Executive Vice President for Marketing at HDFC Standard Life. He credits the agency for "a superb idea, which actually set the tone for the brand for years to come".

If Dentsu has bagged many big clients, it also has lost some, HDFC Standard Life being a case in point. Rajesh Aggarwal, President of Dentsu India, says it has lost some clients because growth had stretched its resources. "Only now are we in a position to sit back and actually review," says Aggarwal. In the early days, "business just kept coming and we had to simultaneously sit and decide on recruitments, negotiate office space, and even roll up our sleeves to do them up," he recalls.

So it was that Dentsu lost the HDFC Standard Life's business within a year of doing the landmark creative. HDFC Standard's Tripathi recalls that Dentsu was a very small entity when it won the business, and was still setting up the different functions required for a 360-degree service agency. "The Mumbai office was non-existent...we had even given Dentsu our media duties, but keeping our needs in mind we parted ways later," says Tripathi.

KEY CAMPAIGNS

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HDFC Standard Life

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Toyota

The irrepressible Aamir Khan plays multiple roles in this Innova commercial

Dentsu's growth in the face of client losses prompts rivals to claim that it undercuts them to grab business. Suggest this to Goyal and he growls: "Then why did we lose out on the prestigious UID project initiated by Nandan Nilekani? It was a multi-agency process and, at the end, we were listed by an independent panel at the top position on technical and strategy parameters, but lost out because our commercial bid was the highest." Goyal says that when big agencies lose pitches to Dentsu repeatedly, they complain of undercutting. "What do they tell their bosses? The easiest excuse to offer is we undercut....The fact is, the biggest agencies are the first to cut prices," he says.

Accounts are not the only thing Dentsu has lost: a host of top professionals have quit the various Dentsu agencies. Some left because they had problems with Goyal's top team, not Goyal. "Goyal gave me the one big break in my career. I joined Dentsu because of him, but quit because of issues with his senior management," says Shavon Barua, Director

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of Euro RSCG, Mumbai. Barua had joined to head Q-Pro, Dentsu Marcom's specialist division catering to HR-related and employee branding communications, in 2006, but left soon when the project could not be sustained.

Some quit over career choices. "I felt I had nothing more that I could give Aircel, the account that I worked on. I wanted to do something entirely different. I had no issues with the team and they are a very committed bunch," says Rajib Sinha, General Manager at LG Ads, who was earlier with Dentsu Communications.

Challenges Ahead

Dentsu's latest project: to create a digital-talent pool of nearly 300 people to handle multiple initiatives. One of these is Mogae Digital Momics, a venture that Goyal has launched separately along with his wife Tanya, in equal partnership

The ad mavens: Goyal with his senior team

with Malaysia's Astro Group. The venture has begun retailing comics for mobiles and mobile greetings with telecom players.

Another unit, Screenagerz, will work on social networking. Then there is the Indian Fantasy League, which explores the internet, mobile and gaming space.

The most ambitious initiative is www.lastminuteinventory.com, India's first and only online media trading platform. Rupert Murdoch's STAR Group, Subhash Chandra's Zee Group and Bennett, Coleman & Co's Times of India Group are equity investors in it alongside Dentsu Communications and Mogae. As the name implies, the site will auction the spare inventory — advertisement slots, in plainspeak — that media owners are often left with at the last minute.

The response has been mixed. "It is a good concept and transparent process and we have used it often. Media owners do not fear their rates getting ruined as they give their spare inventory, the agencies are happy as the client has to go through them," says Mona Jain, COO of VivaKi Exchange, a media investment unit that leverages the combined scale of offline and online media for Publicis Group's Starcom MediaVest, ZenithOptimedia India and Solutions Digitas.

But there are others who still do not buy into the argument: "This is not fully compatible with the way media deals are done in the country ... the system mandates that the client has to go through a media agency to buy inventory. Why would we need this if we have our own resources," questions R. Gowthaman, Leader of Mindshare, South Asia.

The Dentsu team is not interested in the debate. "There are plans on many fronts and the opportunities in sports, social communications and digital are simply tremendous," says Aggarwal, Dentsu India president. It has started an advocacy unit that caters to the Delhi Government and has created the *Dilli Ki Beti* campaign. This uses the character of a young girl to urge the Capital's citizens to be more civil.

While Dentsu seems to be in the thick of the action, its Japanese rivals have also been active. Hakuhodo, the second-largest agency in Japan, already has a presence in India through an equal-stakes venture with Percept and also a separate entity, Hakuhodo India. In 2008, ADK, the third agency out of Japan, got into a 50:50 venture with Fortune, a JWT unit. ADK Fortune's brief is to tap the growing business of Japanese companies in India, and it already has bagged Nikon, Shiseido and Toshiba. "Dentsu and Hakuhodo are the Big Two in Japan... But that their presence is increasing is growing testimony to the opportunity in India," says Ajay Chandwani, Director, Percept India. For the record, while Dentsu Inc and Hakuhodo are way ahead of rivals, there's a huge gap between the top two as well.

Now, Goyal needs to figure out if his organisation has the depth of leadership required to give shape to his dreams. What he knows for sure is that wife Tanya is there to keep him out of risky ventures. For example, Goyal and his Japanese partners were keen to bid for the Indian Premier League broadcast rights, but Tanya felt that the investment required would be too big for Mogae, the Goyals' company. Finally, Dentsu never bid for the rights.

While Goyal banks on instinct and intuition, Tanya, also an MBA, is the meticulous one driven by systems and processes. She is also the conservative face and deals with the banks apart from handling the back office. (Talk of being conservative: theirs was an arranged marriage.)

As he grows, Goyal has to realise that Dentsu may not be able to avoid the pitfalls of the 'Big Boys Club' that he so hates. "He has to let go of his cowboy style... how long and how far can he keep rolling up his sleeves and jumping into the act?" says a former member of Goyal's senior team. Goyal seems to be easing off a bit, and over the past two months, the Goyals have been travelling a lot as a family: Russia, Israel, Dubai and South Africa. But this does not fool anyone. ⊙

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THE IMMUNITY BUG BITES

India becomes a hot market for optional vaccines.

BY E. KUMAR SHARMA

The paediatrician shrugged: "It's your choice, if you don't want the chicken pox vaccine for your daughter. But remember, one day she will get married and if she has the pox when she is carrying, the child could be born with brain damage." And what about the son, the father voiced his and his wife's concern? "Well, you know what competition is like today...what if he has pox before a major exam?"

Choices, choices. The parents knew a bout of chicken pox built more immunity in a child than any vaccine. But, a damaged brain? They plumped for the optional vaccine.

Multiply that decision 26 million times — that's the number of newborns in India every year — and it is easy to see why Big Pharma is making a beeline for India with new age vaccines. The latest has been the July launch of Prevnar 13 by Pfizer Inc's subsidiary Wyeth. It is a three-in-one optional vaccine against bacteria that can cause pneumonia, meningitis and sepsis in infants and children. Prevnar 13 joined the 20-odd-and-growing category of optional vaccines available in India. The good news for parents is that more diseases can be covered today, some with one jab. The bad news — at least for most of them — is that the new vaccines cost a bomb, are not part of the government's immunisation programme, and the optional label leaves most of them confused.

For Pfizer-Wyeth, which wants a piece of the $120 million (Rs 560 crore) Indian market for vaccines made by the private sector, Prevnar 13 marks its entry into the domestic vaccines business. The vaccine's predecessor, Prevnar, was Wyeth Inc.'s bestseller — with global sales of some $2.4 billion in 2007, the latest year for which the vaccine's sales data has been made public — and one of its two big drugs that attracted Pfizer's US parent. Pneumonia-busting Prevnar 13 is a so-called pneumococcal conjugate vaccine as, according to Kewal Handa, Managing Director of Pfizer and Wyeth in India, it covers 13 strains of the pneumococcal bacteria compared to the seven by Prevnar. The pneumococcal bacteria has a total of 90 strains, which makes it the most prevalent disease-causing agent in children.

Some scary facts to put that in perspective: The mortality rate in India for children under five years of age is 69 per 1,000 births, and 410,000 of them die of pneumonia alone each year. Then there is diarrhoea, which claims around 400,000 children typically under the age of five each year. In other words, just these two diseases claim 2,220 children a day.

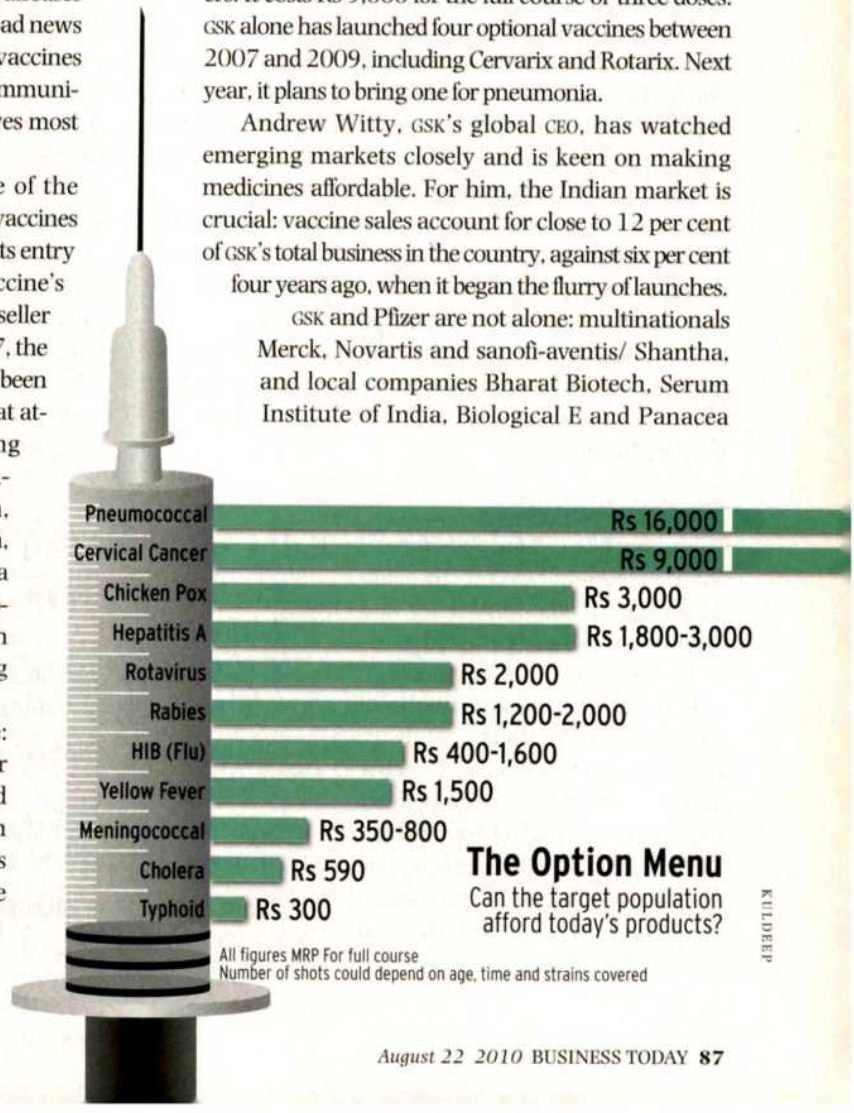
But the government hands out just six vaccines as part of its regular vaccine protocol. These are BCG (for tuberculosis), DPT (for diphtheria, pertussis or whooping cough, and tetanus), polio, measles and, in some states hepatitis B and MMR (measles, mumps and rubella). Optional vaccines are not on the must-have list of paediatricians and their costs make their use prohibitive. The Prevnar 13 course of three shots plus a booster retails at Rs 16,000. Against this, the six vaccines in the government programme cost just Rs 200 in the open market.

Take diarrhoea, next. A fourth, or 100,000, of the total deaths are caused by the wheel-shaped rotavirus (the norovirus and bacteria are responsible for the rest). There is a vaccine for this virus: Rotarix, made by GlaxoSmithKline or GSK. But this is priced at Rs 1,000 per dose for the course of two doses. GSK India says the vaccine costs $50 (Rs 2,500) per dose in its home market and it is subsidising the price in India.

The optional vaccines are not restricted to infants: GSK's Cervarix prevents cervical cancer, and is aimed at teenagers. It costs Rs 9,000 for the full course of three doses. GSK alone has launched four optional vaccines between 2007 and 2009, including Cervarix and Rotarix. Next year, it plans to bring one for pneumonia.

Andrew Witty, GSK's global CEO, has watched emerging markets closely and is keen on making medicines affordable. For him, the Indian market is crucial: vaccine sales account for close to 12 per cent of GSK's total business in the country, against six per cent four years ago, when it began the flurry of launches.

GSK and Pfizer are not alone: multinationals Merck, Novartis and sanofi-aventis/ Shantha, and local companies Bharat Biotech, Serum Institute of India, Biological E and Panacea



The Option Menu
Can the target population afford today's products?

All figures MRP For full course
Number of shots could depend on age, time and strains covered

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"We hope to be out with a rotavirus vaccine in two years at one-tenth of the market price today"

Krishna M. Ella,
CMD, Bharat Biotech

Biotec have big stakes. Pfizer, like the other pharma majors, relies on the government for its data on child deaths. And the government does not have ready and easily accessible comprehensive data giving the break-up by socio-economic category. What is known is that the basic immunisation programme covers only two-thirds of the population, and India has 9.4 million children who have never been immunised.

With the paediatric segment accounting for 60 per cent of the market and a growing middle class that can afford vaccines in the private market, the potential is clear. Ask Sravanthi Reddy, Director of International Operations and Franchise at Shantha Biotechnics, a home-grown vaccines pioneer that was acquired by France's sanofi-aventis Group in July 2009. "The market was $665 million in 2007-08 and is growing at over 20 per cent. It is primarily driven by exports, which were worth more than $360 million. The domestic market for vaccines is $300 million, with the private sector accounting for $120 million," she says.

But, while optional vaccines offer protection against more and more diseases, the boom has thrown up two issues: price and an assurance on the efficacy and the need for the new breed.

Pricing Ploys

Some, like M.K. Bhan, Secretary to the Department of Biotechnology under the Ministry of Science and Technology, are confident that prices will come down with competition. Says Bhan, who is also a member of the National Technical Advisory Group on Immunisation: "The government is already supporting innovative research and has extended R&D cost support to several companies like Shantha for cholera, Bharat Biotech for rotavirus and malaria and Panacea for influenza."

He says at least three Indian companies are working on a rotavirus vaccine and should be able to provide an affordable one in two to three years, and even export it. Indian companies, he says, tend to take a little longer than multinationals because they operate on shoe-string budgets. But a vaccine can be developed in India for $40-50 million, or Rs 184-230 crore, including the cost of trials, while multinationals abroad have to invest $600-700 million.

Companies in India are pursuing new vaccines aggressively. Sanofi-aventis/ Shantha is working on Japanese encephalitis, dengue and rotavirus. In December 2009, Shantha launched Shanchol, India's first oral vaccine for cholera. Shantha's Reddy points out that the company's strategy in India has always been based on a low-cost platform, which allows it to provide low-price, big volume vaccines targeted at government-funded markets.

"With sanofi's broad technology base we aim to provide resources for continued innovation and investments. And thanks to sanofi's market reach we hope to make these quality vaccines accessible to more people who are least able to afford vaccines, in both low and middle-income countries," says Reddy, who is also the daughter of K.I. Varaprasad Reddy, the founder and

The Wrong Therapy?	The Right Course
Too expensive for target population	Increased competition will push down prices
At times not able to conclusively justify use in Indian context	More vaccines in government immunisation programme
Aggressive marketing among doctors	Better and wider training of manpower for immunisation
Even basic immunisation covers 60 per cent of children	Early clarity and policy on socially sensitive vaccines
Those needing the vaccines most cannot afford them	Gather evidence on efficacy and applicability

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current Managing Director of Shantha.

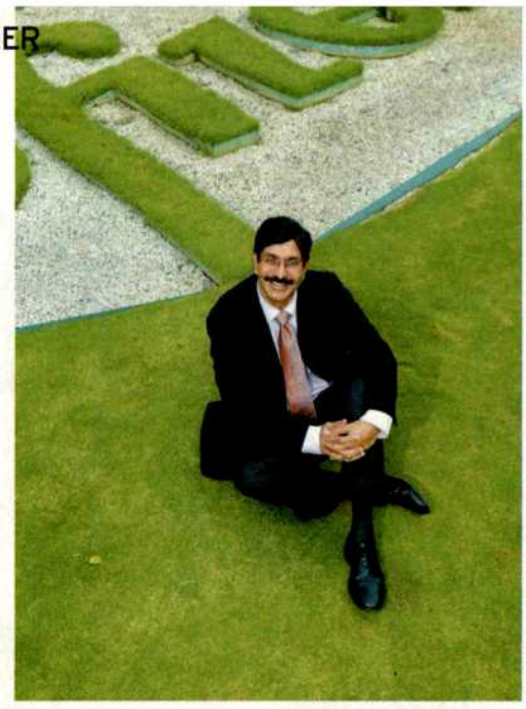
Serum Institute, according to its Executive Director S.S. Jadhav, hopes to be out with its rotavirus vaccine by late 2012 or early 2013 at a "very competitive" price. It has a vaccine in the trial stage similar to the one launched by Wyeth, and is working on one for the seasonal flu and a meningococcal pentavalent vaccine for another strain of meningitis.

Bharat Biotech is more specific. Chairman and Managing Director Krishna M. Ella says: "We hope to be out with the rotavirus vaccine in the next 24 months at one-tenth the existing market price today."

Apart from this, the company is working on dengue, chikungunya, malaria, typhoid and the staphylococcus aureus bacteria, which is a prime cause of infections picked up in hospitals. "We are also looking at specialised vaccine segments like rabies and Japanese encephalitis," says Ella.

"It has taken Bharat Biotech 10 years to reach its first billion doses. We hope to touch the second billion doses in less than five years," says Ella, who plans to invest Rs 250 crore over the next two years to take innovative vaccines and therapeutics into clinical research. The Hyderabad-based company, which reported a turnover of Rs 260 crore in 2009-10, will also invest Rs 75 crore in new plants.

Multinationals say the vaccines will be cheaper if these are included in the volume-led government programme. In Brazil, for example, GSK supplies its rotavirus vaccine to the mass immunisation programme at prices much lower than those in the retail market.



UMESH GOSWAMI

"Vaccines are an important area (for Pfizer)...and Prevnar is especially important in markets like India"

Kewal Handa
MD, Pfizer and Wyeth in India

Whose Option? What Option?

With optional vaccines, the issue is not just about prices. Is it all a marketing ploy to push overall sales? For Dr Rakesh Lodha, Assistant Professor at the Department of Paediatrics of the All India Institute of Medical Sciences in Delhi, watching the vaccine space is almost part of his job. "We are increasingly finding a new and disturbing form of entanglement being employed as a marketing strategy by vaccine manufacturers in India," he says in a study. "This strategy involves the promotion and sale to doctors of newer vaccines — including polyvalent vaccines that are not part of the national immunisation programme — at a highly discounted price in relation to the MRP."

In the study, published in the *Indian Journal of Medical Ethics* in January this year, he says: "In addition to the private communications to physicians, companies have now started advertising the price of their vaccines to doctors in medical journals. One company, for instance, placed advertisements in paediatrics journals quoting the price of its pentavalent vaccine as Rs 275 to the doctor while the MRP is Rs 585." Also, Lodha points out that, unlike other goods, in the case of medicines, patients are unable to make an informed choice and have to rely on the judgement of the practitioner.

One way to deal with this could be greater government involvement. Biotechnology secretary Bhan says India needs to focus on a couple of things if it wants to scale up vaccine delivery. One, it must lay out a predictable policy. Two, he says, it will have to build the human resource capacity. At present, only eight per cent of those who need typhoid vaccines actually get it.

The good thing is that the government is acting on another important front: that of deciding the efficacy, applicability and usefulness of such optional vaccines in the Indian context.

As this edition of BT was closing, the Department of Health Research created last year was to convene a meeting of the committee of four secretaries (including Bhan) to explore how the department and other ministries can work together on everything related to technology in health, including policy on technology *per se*, and public-private partnership. Most importantly, the meeting will also discuss public communication on the existing evidence on the efficacy and applicability of vaccines in India by creating the evidence base for policy formulation on technology. It may all be worth it if the exercise helps choosing the right vaccine any easier. ⊙

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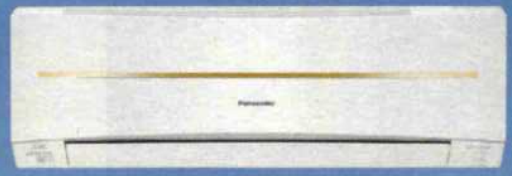

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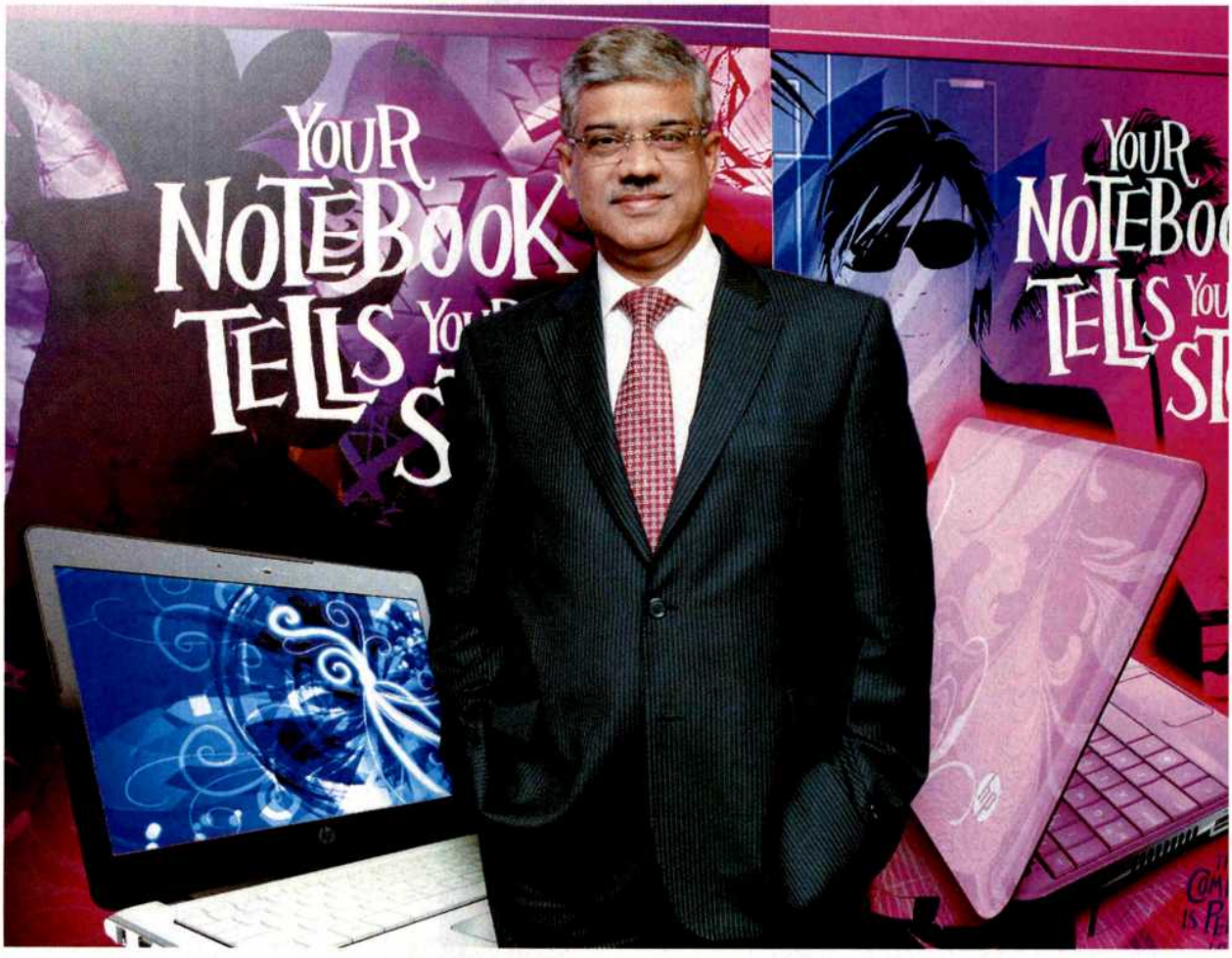
HP FACES A PERFECT STORM

With Hewlett Packard falling behind Dell in overall PC sales in India, all eyes are on how a new distribution structure and its architect will deliver. BY RAHUL SACHITANAND



SUNIL DUTT
President, HP India's Personal Systems Group

"We need to look for PC sales beyond the top 1,000 towns in India, so we need to expand our set-up"

For five years, Sunil Dutt steered the meteoric rise of Samsung's mobile phone business in India as it snapped at industry leader and his former employer Nokia's heels. Nine months ago, the 60-year-old, who was part of the team that launched Barista's cafés and re-invented Whirlpool's business in India, made his first move into the computer industry when he was headhunted to lead Hewlett Packard's personal computer (PC) business in India.

Since then, little has gone right for him. Thanks to a choppy market and aggressive competitors, the hitherto smooth-sailing distribution and sales at HP, as the Palo Alto-headquartered vendor is commonly called, have hit a rough patch in India. As sales data for the latest quarter shows, HP, for the first time in five years, has been knocked off its No. 1 position in the PC industry, with an agressive Dell claiming that spot.

Globally, HP continues to be the top seller of PCs, outpacing Acer and Dell. And, indeed, it says it isn't worried by recent market share fluctuations and that it is focused on building a sustainable, long-term PC business in India.

Still, HP is in the spot by its own doing and unless sales cycles smoothen out again, say industry insiders and analysts, the company will be in a bind. At the heart of the problem is a recast of the way HP moves PCs through its distribution channels. In the new set-up, engineered by Dutt and akin to the way mobile phones are sold in India, three big national distributors are helped by about nine zonal distributors. Earlier, six powerful regional distributors had the country's market carved up geographically among themselves.

The new structure aims to deepen HP's reach, even though almost overnight distributors like Ingram Micro and Redington have smaller markets to run. "We need to look for PC sales beyond the top 1,000 towns in India, so we need to expand our set-up," Dutt told *BT* in an interview. "We think it's possible to sell PCs in every one of the 5,000 urban towns." Logical as that sounds, the change for now has unsettled the sales and distribution chain.

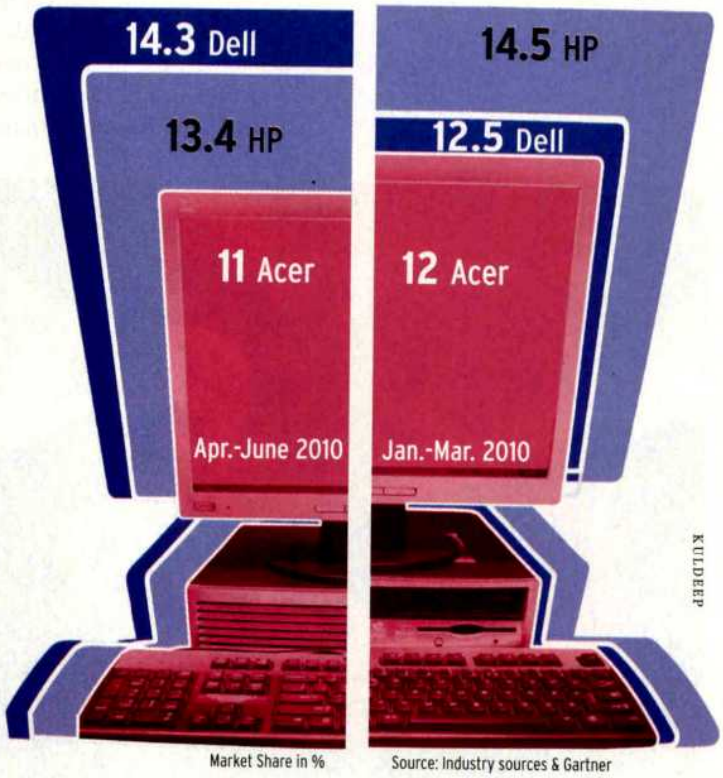
The move angered several distributors — both national level ones and those who ran state-wide channels. For example, Savex Computers, which claims to be the No. 3 IT distributor in India, has had its national presence whittled down to being an exclusive distributor for HP World, the PC vendor's exclusive branded stores, besides running sales in Madhya Pradesh, Chhattisgarh and Maharashtra. "HP's slow growth in the Indian PC market is a concern," says Savex CEO Jayant Goradia. "We've lost a chunk of revenue due to HP's realignment." He declined to elaborate.

Other distributors also gripe that many of the new inductees are from a mobile telecom background, which has little in common with PCs. "Many of these distributors began with FMCG products and have graduated to high-value tech products after the second generation has taken over...they are amenable to change and are able to adopt new strategies quickly," Dutt counters.

The tightening of the cash flow down the sales chain has not helped either. Distributors say a lag of 45 to 60 days — compared to a month across the industry — in payment of incentives for achieving sales targets by region, category or specific sub-brand has hobbled the tech giant's PC sales, too. "With wafer-thin margins of 3-4 per cent (as little as Rs 300-400 per sale), we can't raise working capital quickly enough for fresh

HP's crown slips

PCs have a new No. 1 for the first time in five years



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Market Share in %

Source: Industry sources & Gartner

INTERNAL COMBUSTION

HP's troubles have been brewing

A new distribution structure has not been well received, especially by erstwhile large distributors who've had their wings clipped

Incentives delayed for up to 60 days, which reduces the working capital available to distributors to pick up fresh stock

Strong churn in HP's PC unit, unsettles the sales channel

Dell has outspent HP, a company known to spend heavily on branding and marketing

inventory," says one distributor, requesting anonymity.

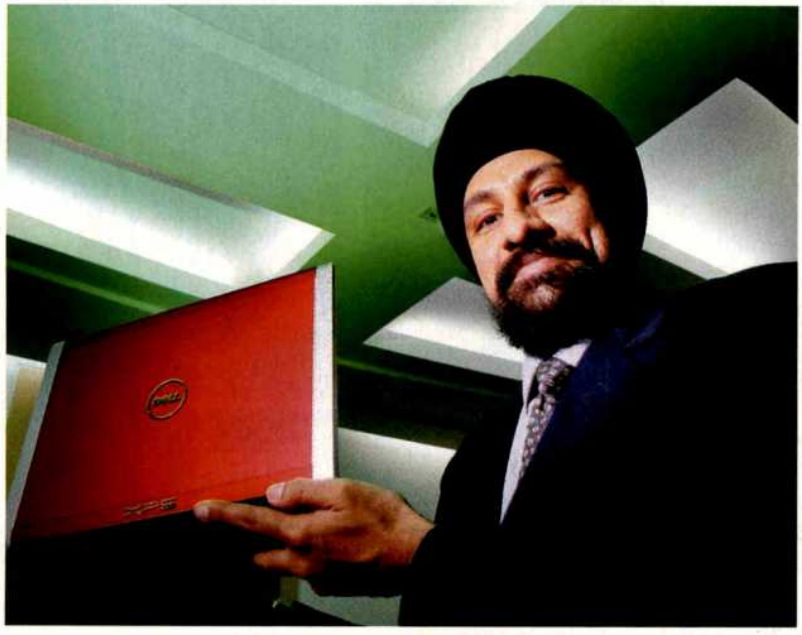
Within HP, too, a sense of disquiet reflects the uncertainty in the sales channel, with several managers *BT* spoke to worrying about the loss in sales momentum and rapid gains made by rivals, led by Dell and increasingly, Acer. "This is our toughest test in years," says one executive in the PC business for HP. "We must have lost over 30,000 units in sales to rivals over the last four quarters across desktops and notebooks." HP shipped 331,000 computers — 45 per cent desktops and the remaining notebooks — in the April-June quarter, down from 357,000 units in the previous quarter. PC vendors sell about two million units every quarter.

HP India's current troubles appear to have started with the loss of personnel over the past ten months. Starting with the September 2009 exit of Ravi Swaminathan, Dutt's predecessor as President of HP India's Personal Systems Group, several more executives have quit, including Rajiev Grover, the consumer portables (notebooks) country manager, and senior marketing whizz Shubodip Pal. The number of exits may seem as normal attrition but has shaken up the sales teams. Another top executive Ravi Aggarwal, President of the Imaging and Printing Group, though not responsible for PC sales, is expected to leave the company in November this year. HP India MD Neelam Dhawan who's in her second stint at the company — she briefly quit to work at Microsoft India — did not respond to requests for comments for this story.

To be sure, HP's new distribution strategy may well pay off after its initial troubles ease. Distribution experts point out that with broadband penetration expected to explode over the next three years as wireless broadband and third generation mobile phone networks go live, the real growth for PCs and other forms of tech spending will be from India's smaller towns. "There is undoubtedly a massive opportunity, but today barely 10-12 per cent of all IT spending happens (in small cities and towns)," says Rajeev Karwal, Founder, Milagrow, a consultancy for small-and-medium enterprises. "In the long term this could rise to as much as 60 per cent of all tech spending (hardware, software and services) and that is the opportunity for companies like HP to chase."

Dell at Pole

HP's woes have made for the spring in Dell's steps. According to Gartner data cited by industry insiders, Dell's market share across all PC — desktops and notebooks — sales for the April-June quarter stood at 14.3 per cent compared to 13.4 per cent for HP. There were signs of trouble for HP earlier this year, when it was out-



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Consumer Business Head, Dell India

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paced as the top notebook seller, again by Dell, in the first quarter of the year. Dell has been stronger than HP on recession-proof segments such as government and education.

In its pursuit of higher margins, say rivals, HP is shying away from bidding for several projects — especially in the government and education segments — where it would have to be the lowest bidder to be chosen. Typically, PC deals are at zero or even negative margins and large vendors tend to make up weight with the networking and infrastructure management services, where business is more lucrative. However, due to a global policy to focus on higher margins, HP has, according to rivals, missed the bus on contracts such as Census of India from the Ministry of Home Affairs and The Central Board of Direct Taxation, which were bagged by HCL Infosystems and IBM respectively. Rival Acer is on a roll of its own, reportedly coming within touching distance of HP in desktops — shipping 150,000 units compared to HP's 152,000. "We want to focus on markets such as education and the public sector, which are largely immune from economic swings," says S. Rajendran, Sales and Marketing Head for Acer India. The same strategy is at play at HCL Infosystems, the only Indian vendor among the top five PC sellers in India.

RAVI SWAMINATHAN
Former President, HP India's PSG

Since his exit in September 2009, there has been a steady churn of several senior executives from HP.

Competitors have been quick to swarm in on a struggling HP even in consumer segments, which account for as much as half of PC sales in the country and has been traditionally an HP forte. "Dell has spent more on advertising and branding than the other top vendors combined," says an analyst, who did not want to be identified. Dell has gained a 10 per cent share in the consumer market, becoming perhaps the fastest tech MNC to cross the $1-billion mark in sales in India. It achieved this by doubling its service network and launching around 18 models to target growing consumer demand, Mahesh Bhalla, who heads the firm's consumer business in India, told *BT* recently.

Despite such gains by rivals, HP's Dutt isn't overly worried. "Market share is only the result of a company's strategy, not the driver for growth," he insists. Rather than a long-term downtrend, he sees the slip to second position only as a temporary blip. As part of its overhaul in the PC business, he points out, HP in India has dedicated teams focused on corporate, channel partners and the massive consumer market. Then, Dutt is leaning on product innovations such as all-in-one PCs (with the CPU and monitor in a single unit) to try to keep its customers and attract new buyers to its brands. "The desktop market is not decelerating in many areas, especially in the smallest towns we're targeting, where it is often an entry product for many homes and businesses," he says.

Those like Karwal, who earlier in his career oversaw sales at the likes of Electrolux and Philips in India, agree, saying the main challenge for PC vendors in small town India is to improve the user experience for a home or small business buyer. "While the television, which used to be an object of desire, is now commonplace in the hinterland, the computer yet has a sense of mystique and fear. Hardware giants must improve the reach and quality of service provided by their partners into these locations if they want to sell successfully," he says.

HP may get its mojo back in the coming quarters, especially if demand from small town India takes off, but by the time that happens, all will depend on how much faster it can grow in those markets compared to its rivals. Until then, it will be tough to wipe off the grins from the faces of Dell, Acer and HCL Infosystems. ⊙

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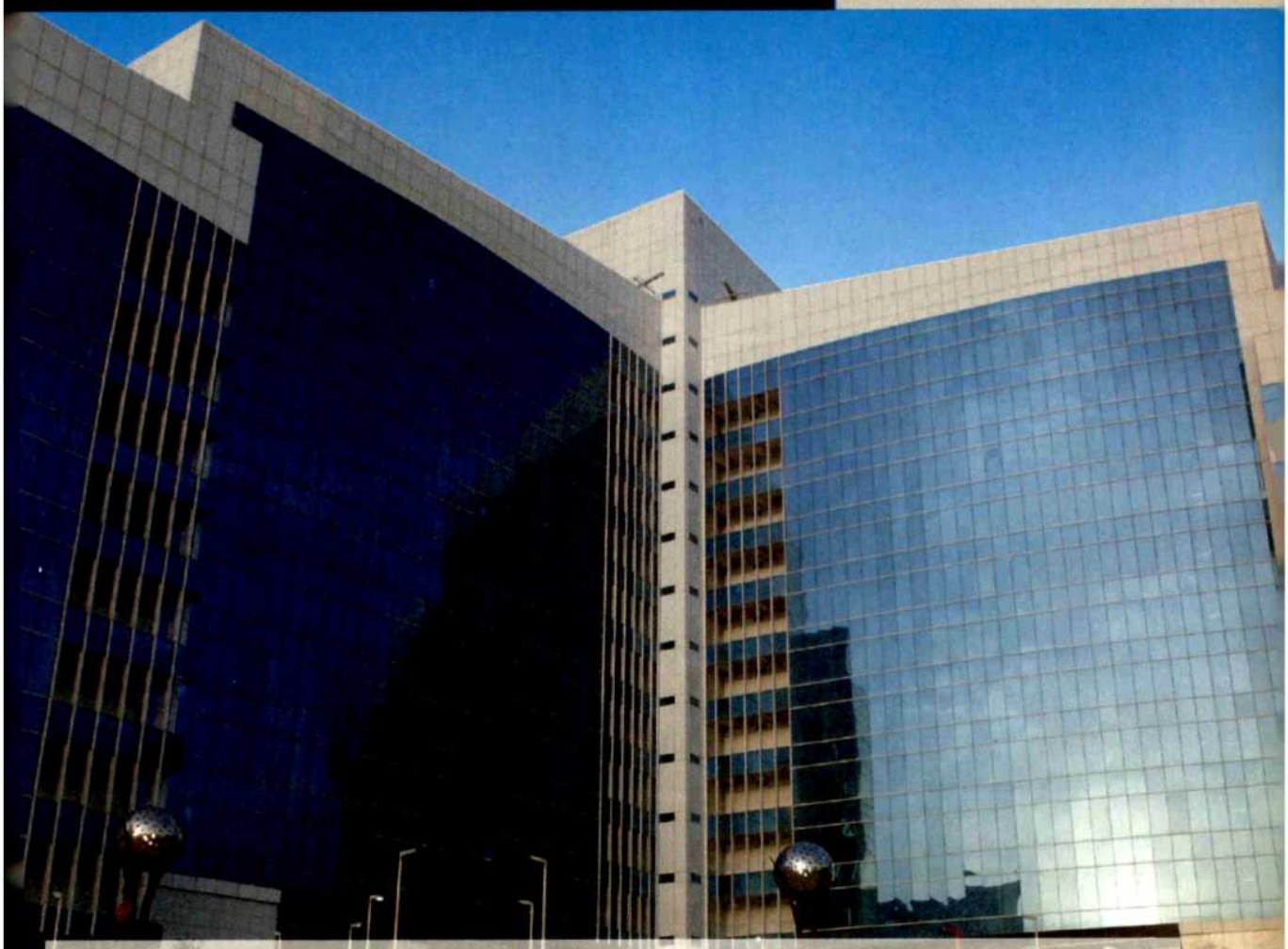

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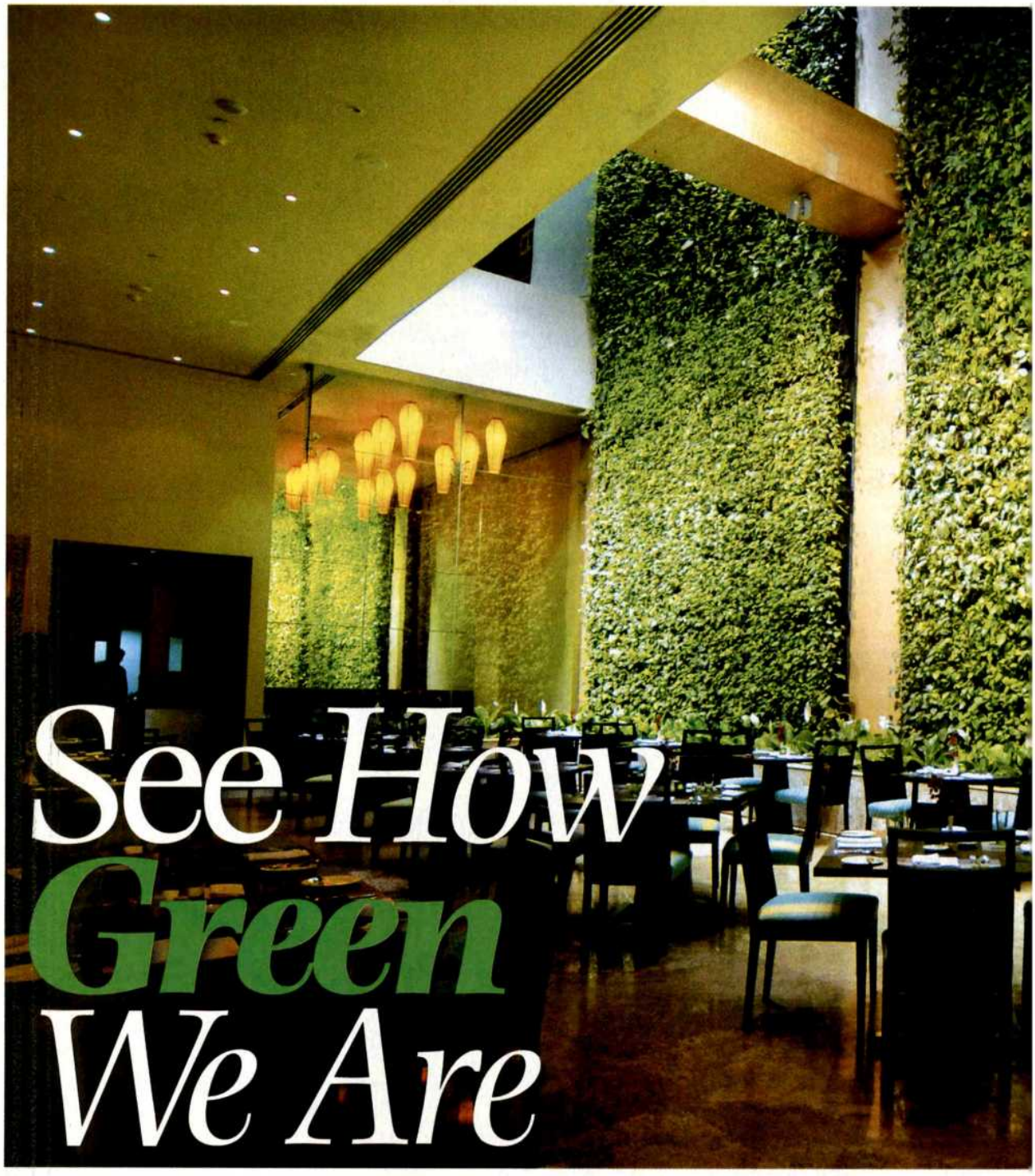
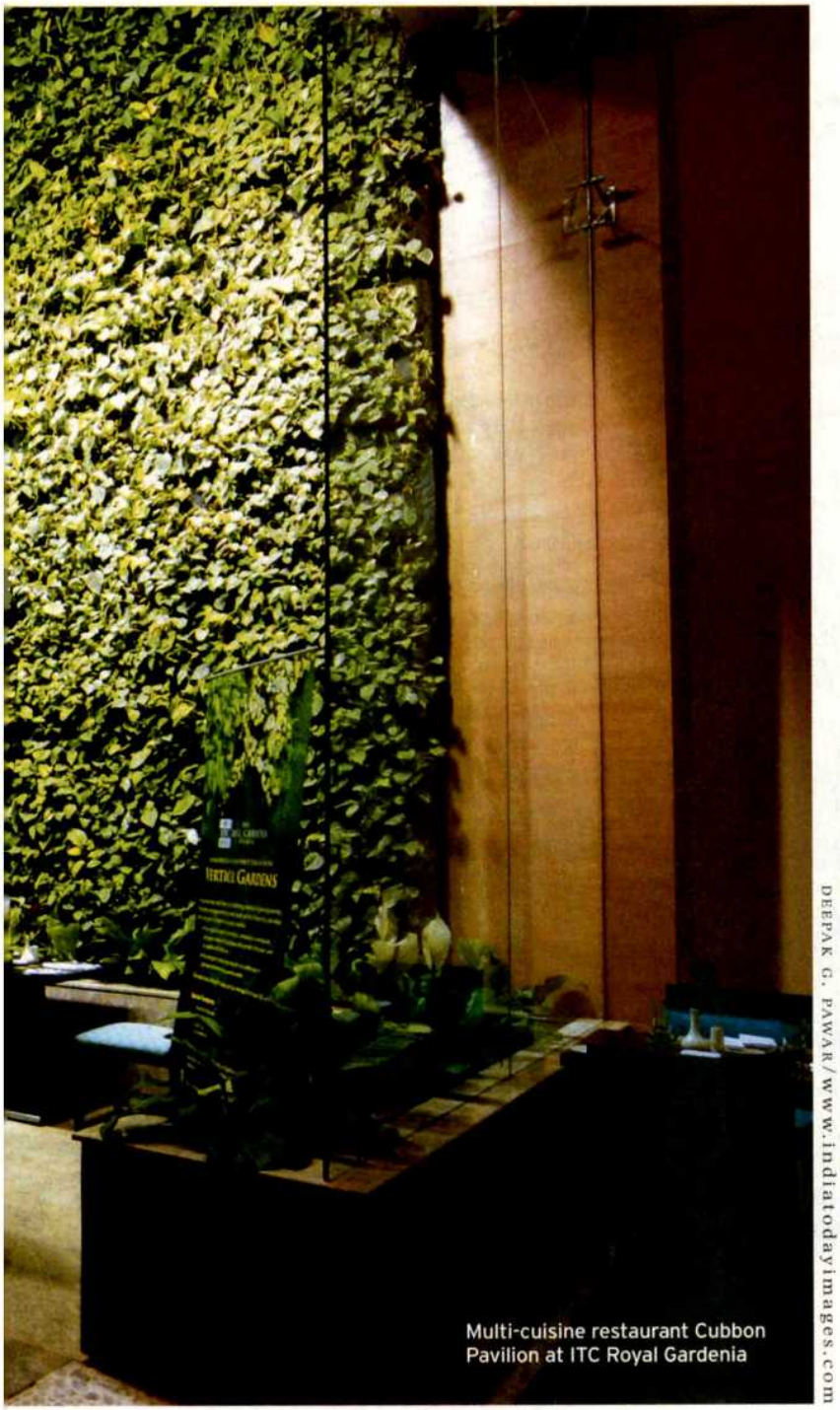


See How Green We Are

A small set of hotel chains shows that eco-friendly practices help boost profits, not just a caring image. BY ANUMEHA CHATURVEDI

After a stock market listing in October 1994, Kamat Hotels Chairman and Managing Director Vithal Kamat was looking for the next big need to meet in the



Multi-cuisine restaurant Cubbon Pavilion at ITC Royal Gardenia

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hospitality business. A conversation with close friend and Technical Director Param Kannampilly at Mahabaleshwar, a hill station in Maharashtra, steered him towards building an environmentally responsible hotel that could fill a niche in the hospitality industry.

Three years later, Kamat and Kannampilly's plan came to life in the form of Asia's first eco-friendly hotel — yes, it was the first such hotel in the region certified by HVS New York, a global consulting and services organisation — branded The Orchid. This five-star property in Mumbai, targeting the business traveller, was located near the airport and competitively priced. The Orchid was an instant success. Recognition also came in the form of over 63 international awards for its energy conservation efforts.

Between 1997 and now, the go-green wave in the hotels business in India has gathered momentum. And how. HVS has certified seven hotels in the country and will add at least four more to that list this year. A second agency, LEED, short for Leadership in Energy & Environmental Design, a Washington D.C.-based agency, has certified two with a third one set for opening in September. Their clients include names such as ITC-Welcomgroup, The Park Group and Club Mahindra.

At The Orchid, meanwhile, the success was such that Kamat and Kannampilly set up a consultancy, Concept Hospitality, which got into a management contract for Hotel Rodas — owned by realty major Hiranandani Group — in the Mumbai suburb of Powai. In 2009, Kannampilly bought Kamat's stake in Concept Hospitality, and launched a new brand of hotels called The Fern, positioned as a chain offering hospitality with responsibility. The first Fern Hotel came up in Jaipur last year with plans to add half a dozen such green hotels to the group's catalogue this year.

"The cost of an Ecotel is about 5-10 per cent more than a regular hotel, but the long-term savings and benefits most certainly offset the investment," says Kannampilly, now Chairman and MD of Concept Hospitality, adding: "A proper implementation of eco-friendly practices reduces wastage and the operating profits are optimised." Ecotel is HVS's rating and hotels badged by it are commonly called Ecotels in the industry.

He is speaking from experience of

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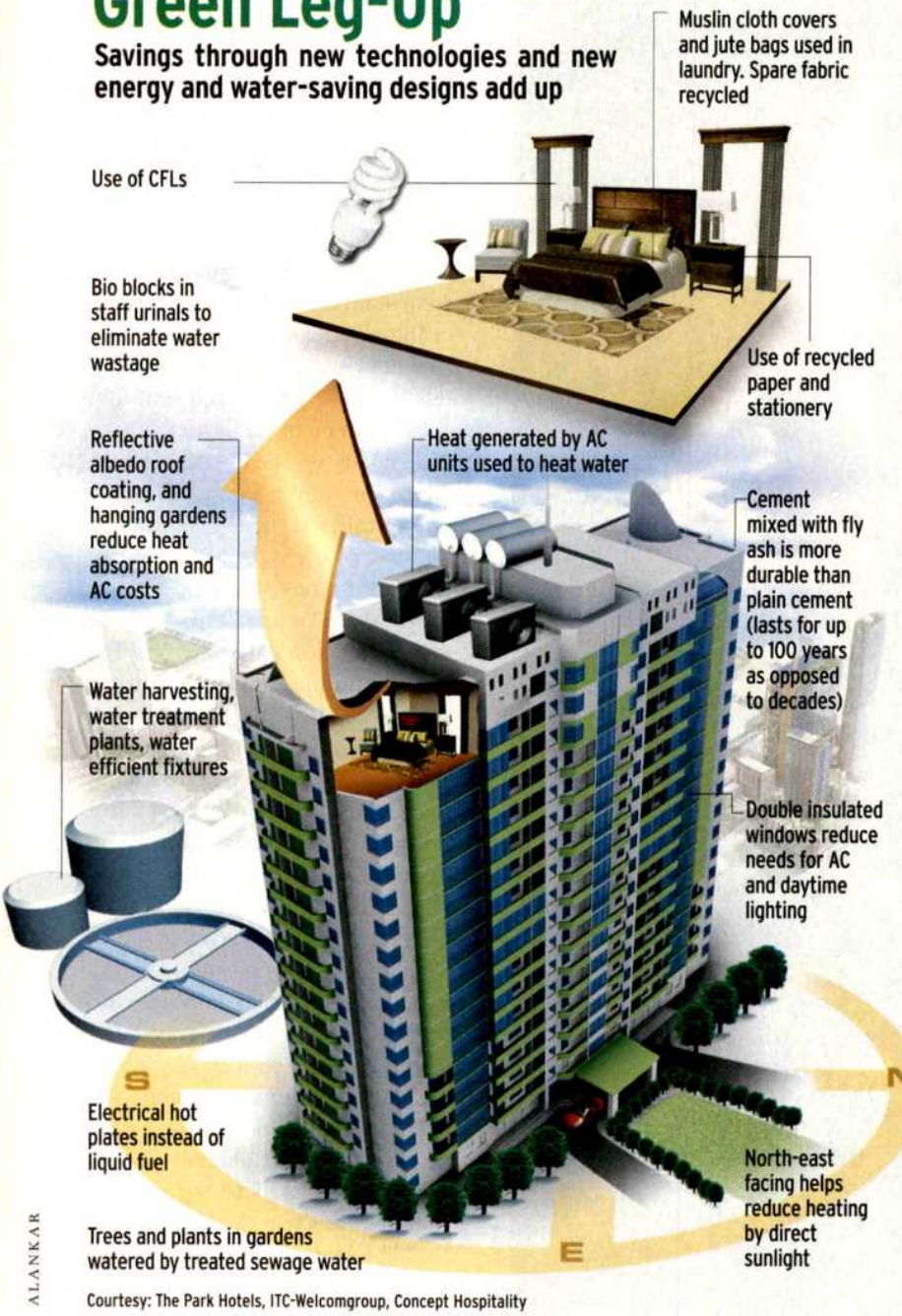

ALANKAR

Courtesy: The Park Hotels, ITC-Welcomgroup, Concept Hospitality

running an Ecotel for a decade. Hotel Rodas, say environment specialists from the hotels business, is a fine example of sustenance — both environmentally and financially. Its arched façade, glazed windows and internal walls are not just visually arresting, but also play a critical role in reducing loss of energy from the sides of the building and maintaining lower temperatures within.

The hotel uses excess heat generated by its air conditioning units to heat water for its bathrooms and kitchen, doing away with boilers in the process. This heat recovery system alone saved Rodas upwards of Rs 14 lakh between January 2008

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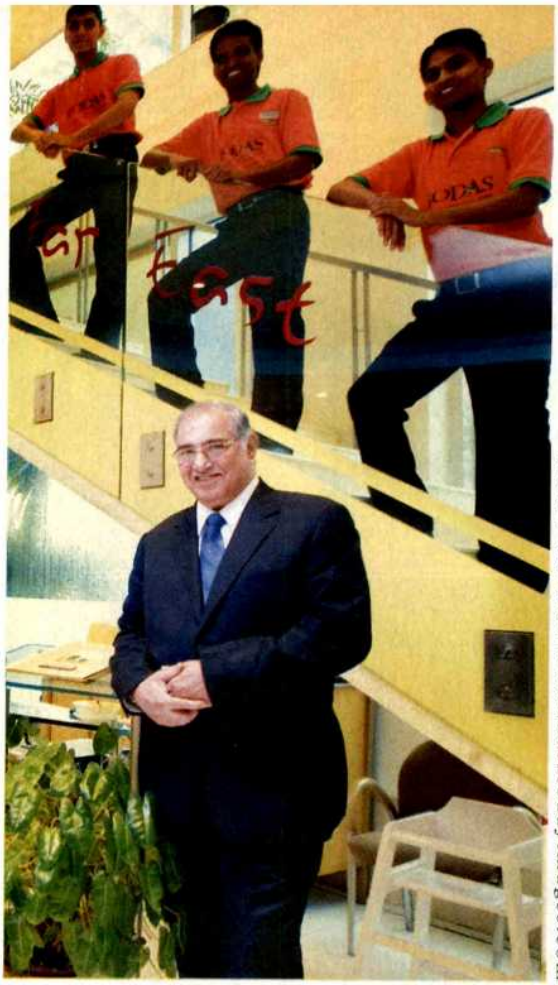
time from India," says Manav Thadani, MD of HVS Eco Services.

Club Mahindra's Coorg and Goa properties, which recently received Ecotel certification, and two LEED-certified properties — The Park in Hyderabad and ITC Royal Gardenia in Bangalore — are recent examples of the growing demand for green certification. ITC-Welcomgroup, in fact, comes from a stable that prides itself in offsetting the carbon footprint of its core cigarette and paper-making businesses. The group says it is water and carbon positive. Simply put, for every litre of water it uses, it produces two litres by reducing water consumption, using recycled water, and operating about 2,500 check dams in areas where it promotes social forestry in India.

It was the first to introduce the now ubiquitous water-saving sensors (taps that stop the flow of water once the user finishes using the tap or urinal) to India in 1992. "If we're reducing our water consumption by 30-40 per cent, aren't we laughing all the way to the bank," reasons Niranjan Khatri, General Manager of WelcomEnviron Initiatives, and the man credited with the chain's go-green moves. Some 31 per cent of the power the company used over the past one year came from renewable sources like wind, sun and biomass, he adds.

At ITC Royal Gardenia, which opened in November 2009, the lobby and the multi-cuisine restaurant Cubbon Pavilion were designed with four columns of vertical hanging gardens that eliminate the need for air conditioning. That, and CFL and light emitting diode or LED-based lighting together with large double insulated windows, which reduce the need for daytime lighting, have resulted in savings of Rs 1.5 crore on electricity annually. "Rainwater harvesting that pipes water through toilets, drip irrigation systems and recycling black and grey water has reduced water consumption by half and spending by Rs 40 lakh a year," says Anand Rao, General Manager of ITC Royal Gardenia.



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"... the long-term savings and benefits (of an Ecotel) offset the investment"

Param Kannampilly
Chairman and MD, Concept Hospitality

What about the costs of installing eco-efficient devices which deliver such savings? Recalling the first green-certified building in the group, Khatri says that ITC Green Centre, the company's office in Gurgaon and India's second LEED-certified building, cost it 15 per cent more than what a comparable non-green structure would "as most of the (building's fittings) were imported". But now, products like CFLs and certified wood are easily available in India at cheaper rates. Elsewhere, in Hyderabad, The Park procured most of its materials from within a radius of some 800 km to reduce transportation costs. Steel and wood came from Visakhapatnam and Vijayawada in Andhra Pradesh, respectively, fly ash blocks from Pune in Maharashtra, and concrete locally. "Our estimated energy savings, as compared to a baseline building, are 32.4 per cent. We are spending Rs 1.65 crore less on electricity," says Deepak Bali, Vice President of Apeejay Surrendra Park Hotels.

While there is a clear cost incentive for hotels, especially new ones, to go green, the jury is still out on whether it attracts customers. "Reduce, reuse and recycle works for operating profits, but whether it gets you guests is a matter of debate," says Kulkarni of Cushman and Wakefield. A survey by research firm Market Search India had about 47 per cent respondents saying they would opt for an eco-friendly hotel, if an option was available at the same price point. Ashu Paul, owner of an eponymous architecture firm, is one such green-conscious customer. "I might be a drop in the huge ocean, but by opting to stay in these hotels, I feel like I've done my bit for the ecosystem," says Paul.

Paul, who designed The Fern in Jaipur and The Orchid in Delhi, insists he is not biased by his association with the hotels, and predicts custom will grow for green hotels in the years ahead. ⊙

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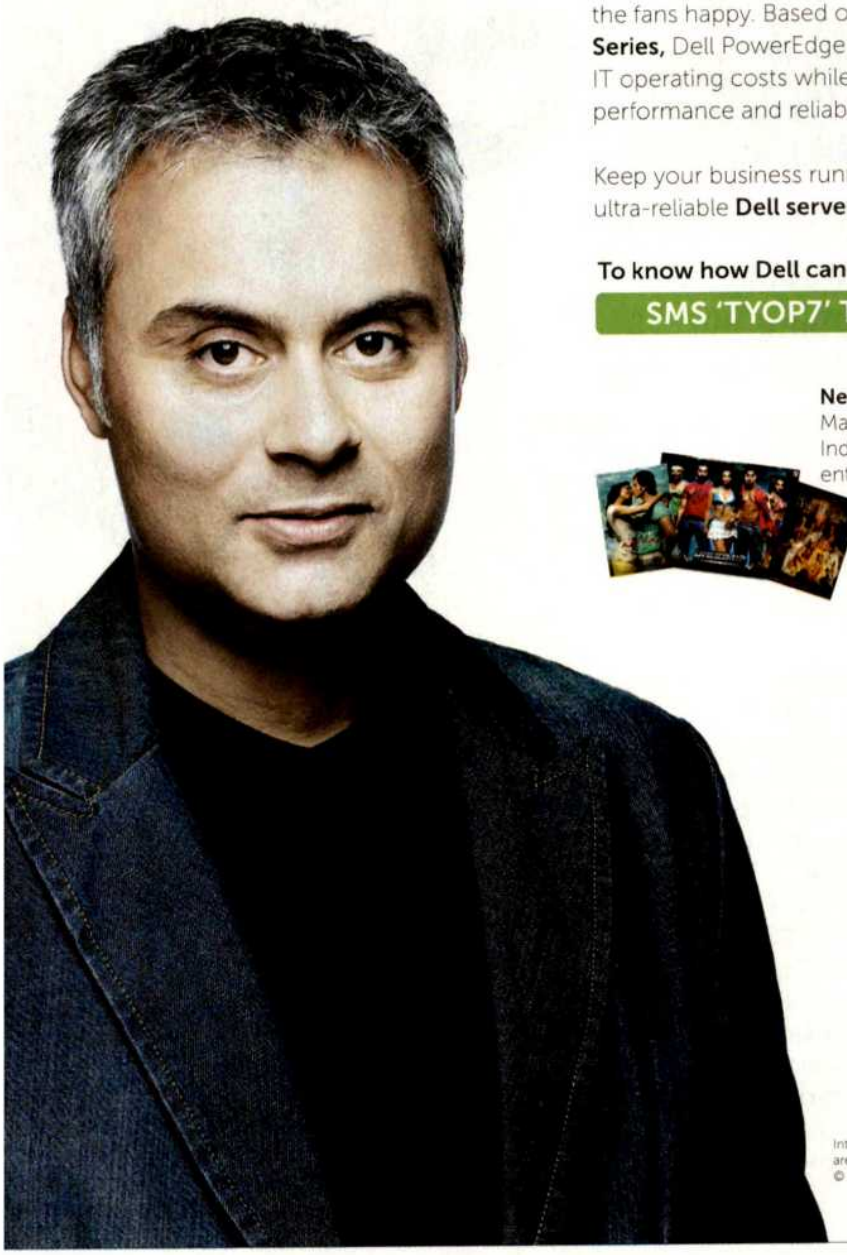

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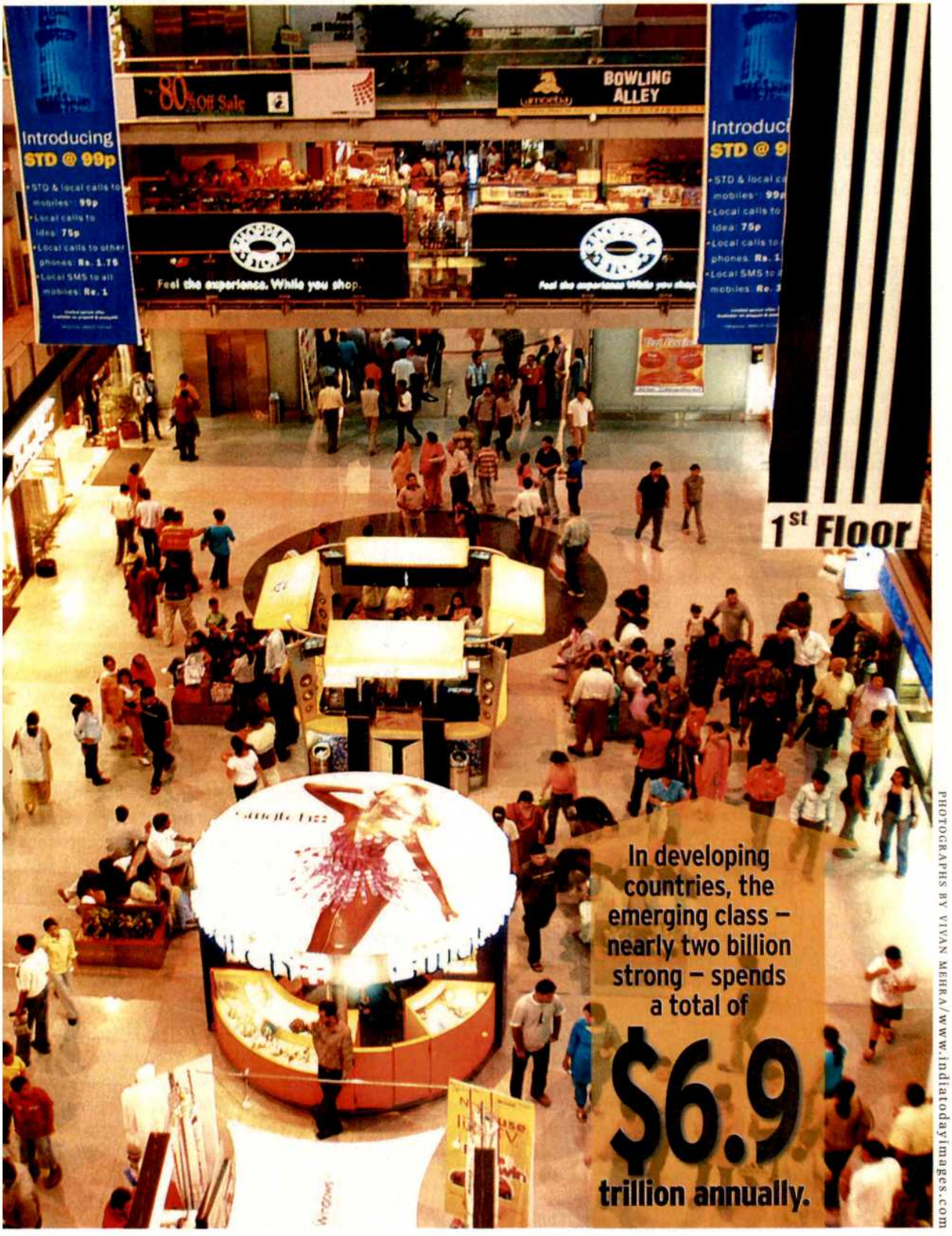
Capturing The World's Emerging Middle Class

Multinational companies need new "scale at speed" approaches to penetrate the developing world's increasingly prosperous consumer markets. BY DAVID COURT AND LAXMAN NARASIMHAN

The rapidly growing ranks of middle-class consumers span a dozen emerging nations, not just the fast-growing BRIC countries — as Brazil, Russia, India and China are collectively referred to — and include almost two billion people, spending a total of $6.9 trillion annually. Our research suggests that this figure will rise to $20 trillion during the next decade — about twice the current consumption in the United States.

These new spenders offer an opportunity for early winners to gain lasting advantages, just as companies in Europe and the US did at similar points in their development. In 17 product categories in the US, for example, we found that the market leader in 1925 remained the number-one or number-two player for the rest of the century. These companies include Kraft Foods (Nabisco), which led in biscuits; Del Monte Foods, in canned fruit; and Wrigley, in chewing gum.

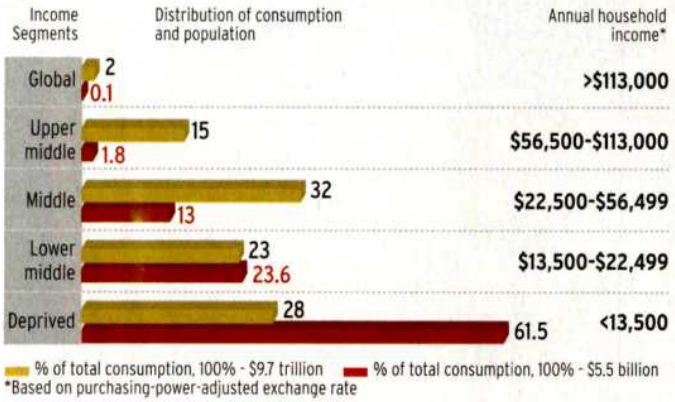
Despite having strong global brands, multinational companies face challenging competition in emerging markets, as these economies already



PHOTOGRAPHS BY VIVAN MEHRA/www.indiatodayimages.com

boast aggressive local players that have captured a significant portion of spending. Chinese beverage maker Hangzhou Wahaha, for example, has built a $5.2 billion business against global competitors such as Coca-Cola and PepsiCo by targeting rural areas, filling product gaps that meet local needs,

In the next decade, the middle class in developing countries is to spend $20 trillion annually



GRAPHICS BY KULDEEP

keeping costs low, and appealing to patriotism.

Further complicating matters is the fact that the multinationals' business models are based on practices established in the markets of the developed world, where the game is won slowly by finding cost savings and making product improvements that capture single percentage points of market share over time. Among emerging markets, perhaps only China can provide enough short-term growth to justify that strategy. Meeting the needs of most consumers in emerging markets requires a different course, which often elicits anguished cries in the corridors of the multinationals: "You want me to change my business model and go across the world for $50 million in revenue?" It's an understandable lament for executives who not only fear ending up with little to show for their efforts but also are wary of the battles already under way among emerging-market champions.

While there are multiple approaches to capturing emerging-market consumers, the two critical factors are speed and scale. Our experience suggests that one way multinationals can quickly gain the scale they need is to identify clusters of similar consumers across multiple markets. That approach allows these companies to build revenue and profit streams that are collectively material and justify significant, ongoing capital investments to fuel growth. Another tack is to work at a more local level, gaining scale in specific regions and categories by teaming up with deeply knowledgeable on-the-ground partners. They can help not only in product development but also in distribution and market positioning — the crucial final steps to reaching highly local consumer markets.

All of this is easier said than done, of course, because consumers in emerging markets are extremely diverse. In some ways, they resemble those in developed nations: they are aware of and have a fondness for brands and want access to a variety of products at different prices, including products they aspire to but can't currently afford. Yet their tastes are often localised, and while they are middle-class in regional terms, they are still not wealthy enough to replace products regularly, because their percentage of truly discretionary income is lower: in China and India, for example, about 40 per cent of average household income is spent on food and transportation, compared with 25 per cent in the United States.

The best way to make sense of this picture is to take a granular view using product categories. For individual categories, multinationals should first identify whether consumer needs in emerging markets are fundamentally global or local. A good proxy for this issue is the similarity of product offerings across geographies, as shown on the horizontal axis of the exhibit on next page. Second, multinationals can assess the consumer's ability to afford a given product. Useful approximations include category penetration and product availability in key developing markets, as well as the willingness of consumers to "stretch" to buy less-affordable products. By developing a perspective on whether and to what extent consumer tastes are global or local and combining that with a clear view on the affordability and accessibility of a given product, multinationals can go a long way toward determining the strategies and business models that will allow them to gain scale quickly.

Consumers With Same Needs

The first category, at the top right of the matrix, comprises products and services for which consumer needs are quite similar across geographies and affordability is not a constraint. There is little need to create marketing plans to roll out such products in different countries, one after another: we've found that it's most efficient to identify similar consumer segments across countries and to build

scalable business models for each cluster. Examples of products in this category include personal banking, mobile communications, consumer electronics, and pharmaceuticals, which have similar industry structures, rates of consumer adoption, and socio-religious factors across geographies.

A leading multinational retail bank's marketing team, for example, used longitudinal consumer data to identify five clusters across multiple Asian countries. These segments included one of conservative users very loyal to their local banks (in India, Indonesia, the Philippines, and Taiwan) and another of remote-channel users who were highly price sensitive (in Hong Kong, Singapore, and South Korea). The bank successfully designed and implemented a specific product and channel strategy for each of these five segments across countries.

Product Niches

The category on the bottom right of the matrix comprises emerging-market consumers who have the means to buy products and services that are widely available or even mass market in the developed world. (For the vast majority of the emerging middle class, however, these products and services are neither affordable nor accessible — they are premium items.) While we forecast that less than three per cent of total emerging-market households will be in this bottom-right category in 2025, their prosperity and the fact that their behaviour resembles that of consumers in the developed world has historically made this category appealing to multinationals.

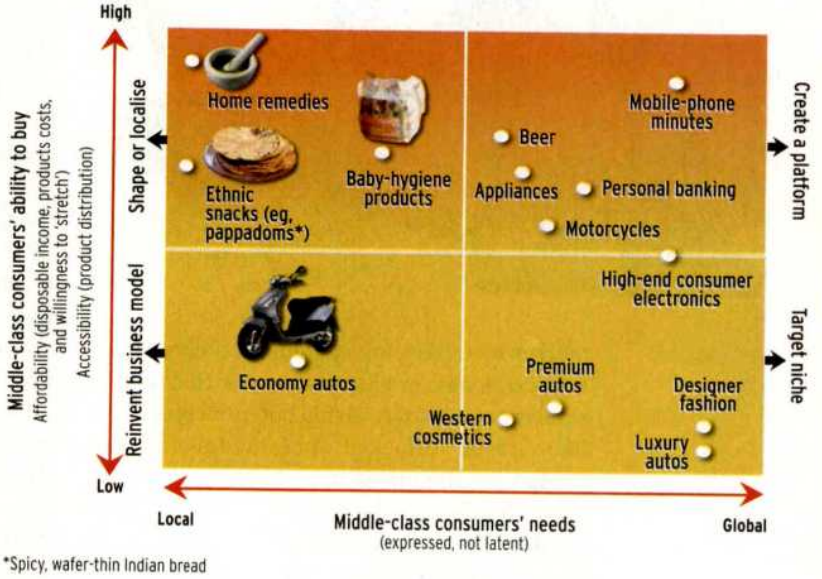
Capturing the loyalty of these consumers and, as they develop new needs, upgrading them is the key. Since emerging-market consumers want value — even in this category — companies should offer products at "mass premium" price points. Consumer electronics manufacturer LG has found that people in many developing markets are more willing to pay for better service than are their counterparts in the developed world. The company launched a premium offering that not only gives consumers a full-time contact person who acts as a go-between with LG and monitors the health of products but also guarantees maintenance visits within six hours (compared with the normal 24-hour commitment).

Shaping the Market by Localising

The third category, on the top left of the matrix, comprises affordable and accessible products, such as low-cost snacks and highly localised baby-care hygiene products. In this category, there's clear merit in evaluating how companies can scale up across markets, even if needs are local. One approach is to shape the market through minor product enhancements and sharper positioning that encourages consumers to shift toward more globally convergent offerings over time and allows companies to enjoy greater economies of scale and lower delivery costs. In India, for example, PepsiCo successfully shaped the snack market by creating a new platform, called Kurkure, for younger consumers. The product feels entirely local, though it is packaged and distributed by Frito-Lay.

Other strategies for penetrating this affordable, accessible, and local market are to use celebrity endorsements and to leverage local knowledge, either selectively, in areas such as distribution, or through more comprehensive alliances. The partnership between Norwegian telecom-

Four category-specific strategies can help companies serve middle-class consumers in developing markets



*Spicy, wafer-thin Indian bread

munications company Telenor and Bangladesh's Grameen Telecom, for example, resulted in the creation, in 1997, of Grameen Phone, now the country's largest mobile operator.

Reinventing the Business Model

The final category, on the bottom left of the matrix, represents products and services for which needs are (and will probably remain) very local and affordability is a challenge. In this segment, the potential available market share is high, though the market looks small, since consumers often substitute cheaper products, from adjacent categories, that satisfy similar needs rather than buy a higher-priced global product. The first step for multinationals is to define the market by measuring current total consumption, examining product alternatives that satisfy similar needs, and studying potential spending likely to be unlocked once incomes grow. Companies then need to make their products more affordable and accessible, looking at everything from capital expenditures to product features to distribution. There's real value in working with local players to drive product, distribution, and sales innovations in that "last mile" before reaching consumers.

Traditional approaches in which companies enter markets one by one and focus on a handful of brand and market combinations will not meet the challenges of the developing world's large middle-class consumers.

Beer manufacturer SABMiller, for example, decided it could not achieve price points that would spur demand in Africa without changing its business model. It retooled its factories for cheaper, locally sourced ingredients (such as cassava and sugar rather than barley and maize) and used local distributors to ensure the availability of its products. The result: lower prices, growing demand, and significant increases in market share across several African countries.

Traditional approaches in which companies enter markets one by one and focus on a handful of brand and market combinations will not meet the challenges of the developing world's large and growing body of middle-class consumers. Companies need to become adept at building and sharing customer information across markets and more willing to work with others to gain scale quickly. In some regions, such as Africa, multinationals may even need to work with the public and social sector to ensure that consumers have adequate income to generate demand.

Structural changes might also be required. Because multinationals may have to adopt different business models by market, category, and brand, they need flexible and responsive organisations. Cisco, for example, has created a second world headquarters, in India, to spearhead its push into the country, while other companies are establishing centers of excellence to identify, recruit, and develop staff that can be deployed locally. Using local vendors is critical to running a lean operation: many multinationals have found, for example, that capital outlays in emerging markets are often only 30 per cent of those required for a factory in the West if they use local resources for plant and process engineering and to execute projects.

Finally, companies need to be aware of perhaps the biggest bottleneck to seizing the emerging middle-class opportunity: talent. Relying excessively on expatriates is likely to stifle an organisation's ability to scale up adequately across markets —there simply won't be enough staff. We believe that building talent academies inside companies to accelerate leadership development is a good step. Yet the rapid growth in many emerging markets may make traditional "grow your own" or "hire from within" approaches manifestly inadequate to meet staffing needs. By addressing these structural and operational imperatives and identifying the best approaches to achieve the scale needed to serve the growing middle class, multinationals can meet high expectations for their international growth. ⊙

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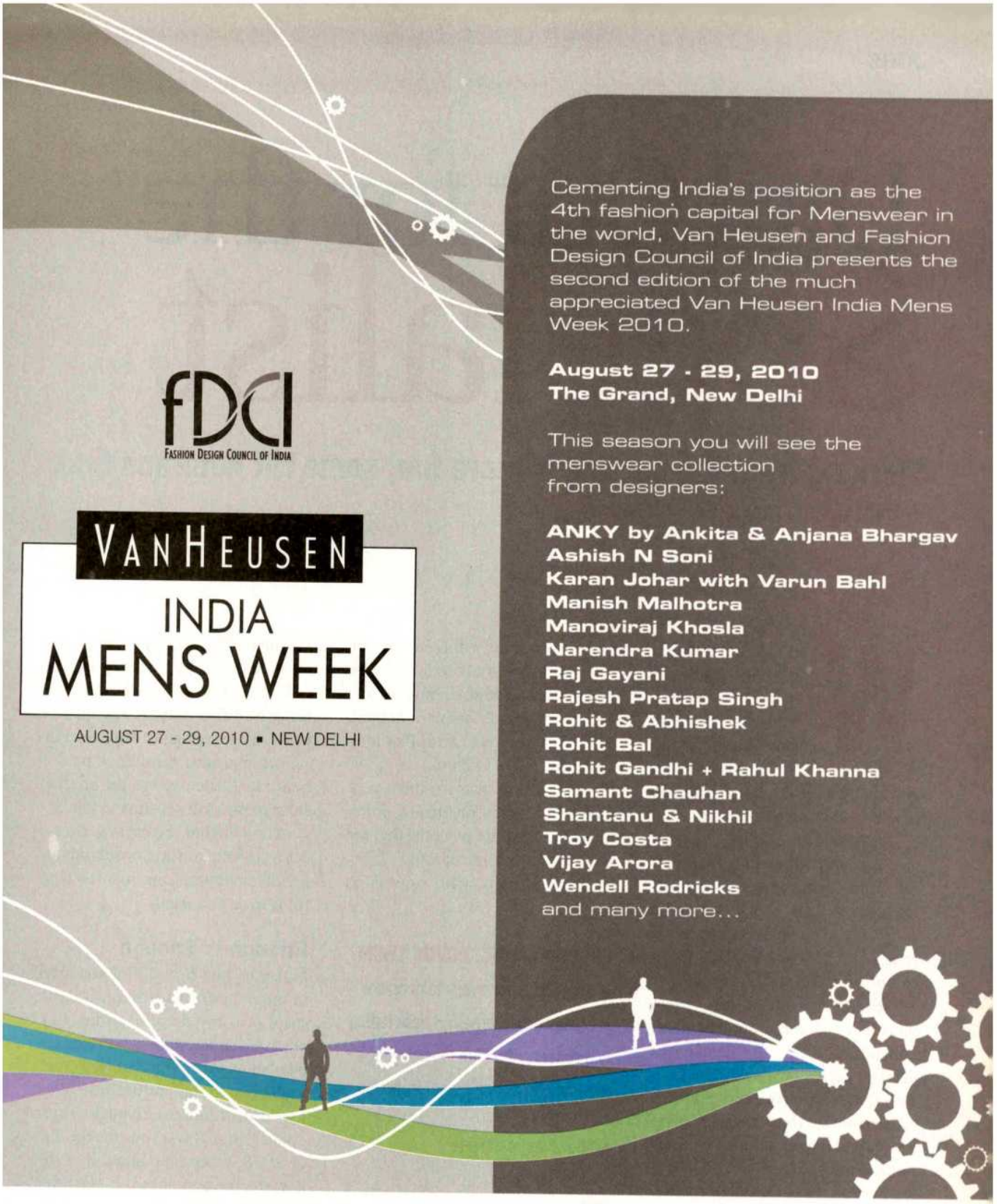

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Dial Out for the Specialist

Working from the outside is more fun, some HR veterans find.

BY DHIMAN CHATTOPADHYAY

When a Mumbai-based retail giant acquired a smaller company earlier this year, it had to ensure that it did not lose any talent from the acquired firm and the merger did not create any problems in human resources.

Easier said than done.

"Even though we have 20 people on our HR team, we were not sure if we had the right people to handle the situation," recalls the CFO of the retailer. So the company decided to call in Anand 'Andy' Rao, a former HR head at the Aditya Birla Group who had become an independent consultant. Rao, with nearly two decades across businesses, had not only done some work earlier for the retailer, but had handled such mergers elsewhere. He was quick to chalk out a strategy.

Rao, 43, is not the only HR professional to find himself in demand after quitting big jobs and setting up shop on their own. Over the past 12 months, a dozen-odd HR bosses of various ages have given up secure jobs to become independent consultants — and found that going solo can be both more challenging and more rewarding. In these ranks are veterans like Visty Banaji, 56, who headed HR at Godrej Industries and was on its board, Sudhir V. Sohoni, 53, of Thermax and Pradeep Mukerjee, 53, of Citibank.

Almost all of them say that one of the main reasons for turning entrepreneur is the huge potential they see for independent consultants.

Says Sohoni, who now runs Purple HR Consulting, "Companies of all sizes — both family-run as well as those structured more professionally — sometimes do not have the expertise in their ranks. At other times, an owner or the board feels the need to get an outsider to tackle a sensitive issue."

The clincher, he says, is that a company can hire five consultants for five different problems, so it is a wise thing to do financially.

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- Earnings, more or less, don't matter
- Not a dull moment, chasing variety
- Years of goodwill paying off

Enough is Enough

Mukerjee had risen to the top level management at Citibank having spent over two decades at the bank when he chucked the job to lead his own show. After stints in New York and West Asia, he became Vice President of HR for the bank in South Asia around 2004. Towards the end of 2008, when he realised that the downturn was making his employer a tighter, highly centralised organisation, he quit to set up Confluence Coaching & Consulting, working out of his home.

The downturn also prompted Swaran Sehgal, 35, HR head at Edelweiss Capital, to try something different. Some, like Yogesh

RACHIT GOSWAMI/www.indiatodayimages.com

YOGESH MARIWALLA (PICTURED WITH FAMILY)/ 48
THEN: Chief, HR and Corporate Affairs, Tata Capital
NOW: Co-founder and Director, Index Money Consulting

The start of Index Money in 2008 coincided with the downturn. Instead of sacking people, Mariwalla pulled out seven HR managers, setting up Index Money's HR consultancy. Today it has 20 clients.

Mariwalla, 48, made the switch in their middle age, but for a different reason. Mariwalla stepped down as HR director at Tata Capital to set up a retail finance firm.

Venturing out on their own came with its challenges as a few professionals found. Neeta Mirchandani, who stepped down as HR head at Rabo Bank, and Citi's Mukerjee, had barely launched their new companies when the downturn enveloped the economy. Mariwalla, who had taken along four colleagues from Tata Capital to set up retail finance firm Index Money found a way out: he took seven HR people out from the set-up to form a consultancy.

"We chose to manage the HR team's salary from our own investments. That is how Index Money's HR consultancy arm was born, as we started looking out for consulting offers," he says. The firm has over 20 clients today, while the retail finance firm, in which Mariwalla is no longer active, too, survives.

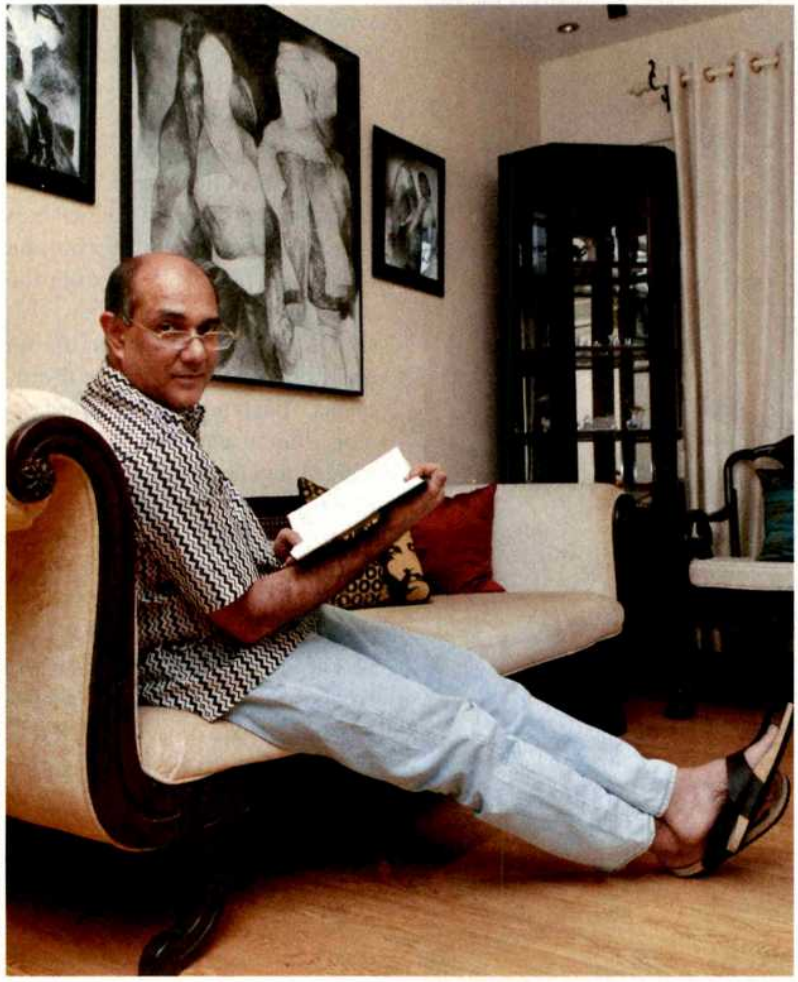
Mangesh Kirtane, whose last job was as Cisco's HR head for India and South Asia, was among the trendsetters: he became a consultant in 2004-05 at the age of 40. He quit because the seven-star life "had no appeal left" for him. Worse, he was weighed down by creative dissatisfaction.

"I wanted to try out being an independent consultant and I have been very lucky in having amazing family support as well as support from banks, financiers and friends," says Kirtane.

Rao had been heading HR at the AV Birla Group for seven years when, after much soul-searching, he put in his papers in late 2009. "The recession had meant tough times for many of us and I decided finally that this was perhaps the best time to get out of the corporate structure. I am proud to say that I saw an opportunity in adversity," says Rao, who now works as Principal Consultant at Infinite Possibilities, a firm set up by a

PRADEEP MUKERJEE/ 53
THEN: Executive Director and Vice President, HR, India and South Asia, Citibank
NOW: Owns Confluence Coaching & Consulting

"My focus was to see how I could help organisations become more effective by aligning talent and enhancing leadership skills"



UMESH GOSWAMI/www.indiatodayimages.com

group of HR professionals.

Rao says his new existence has taught him more about different businesses as well as the different areas of a business, as he consults for a wide range of companies. "The best part, of course, is that I earn a lot more than what I used to when I was in a corporate set-up," he laughs.

On the Demand Curve

Has there been a rise in demand for HR consultants in the past year or so? "Definitely, yes," Rao says. The recession caused a lot of companies to retrench people, including HR professionals, as they are not 'revenue-generating' personnel. And many such companies are now seeking the help of independent consultants.

"Honestly, though, there are two key reasons why consultants are so much in demand: we charge only a fraction of the fee a firm would have to pay an employee and companies know they cannot hire five different HR personnel who specialise in M&A, talent management, executive coaching and other areas," says Rao.

Banaji, perhaps the biggest name among them all, is the most recent entrant into the league of independent HR consultants, having spent the past three decades heading HR at Telco — the earlier avatar of Tata Motors — then at the multinational Alstom in Europe and, most recently, at Godrej Industries, where Chairman Adi Godrej had given him the freedom to carry on consulting when he joined the company in 2003-04 as head of HR, Legal Affairs and IT, fresh from Europe.

"Now, at the ripe young age of 56, I have taken the plunge into freelance consulting. It's not because I was unhappy. It's just that I wanted to bring my knowledge and expertise into play at a much larger arena and on a variety of platforms," says Banaji, now CEO of his outfit, Banner Global Consultancy, which was set up in May this year.

Banaji echoes the others when he points out that it makes sense for even big companies, Indian or foreign, to call in experienced independents when required as it is a cheaper and more efficient way to handle specialised tasks.

"We can use our knowledge and experience in the industry and provide solutions and packages that sometimes a firm's own team cannot," says Banaji.

Agrees Kirtane: "A lot of traditional family-run businesses are today trying to modernise and put systems in place. Many of them do not want to hire the best HR personnel simply because of the cost factor. Also, they feel an external consultant will be

more acceptable to the employees than an insider."

Kirtane, who specialises in executive coaching, training and team-building, says owners feel consultants can be hired to provide case-specific solutions depending on their expertise, something one cannot do in the case of a full-time employee.

Deepraditya Datta, Managing Director of Venetor Search Partners, says the rapid growth of mid-sized companies, many of which were or are family-run, is also driving the demand for professionalism, processes and systems.

"It is not possible to get the required expertise in all these areas from your own HR team... so not just mid-sized family firms but even larger ones are calling in consultants," he says.

Free to Fly

How hard was it, though, for these executives to give up the trappings of the huge salaries, plush offices, expensive perks and free holidays? "Sure, it was tough initially, not knowing if I would succeed on my own. But the past two years finally made me understand the value of money. Till then we spoke of cost-cutting and inflation, but frankly fuel hikes and price hikes did not affect me. Now it suddenly mattered," recalls Mariwalla.

Mukerjee agrees that life wasn't easy in the beginning, though being very clear and focused on what he wanted to do, helped. "My focus was to see how I could help organisations become more effective by aligning talent and enhancing leadership skills. While I do miss walking into a large corporate office every day, I also see how much time I now have with my family, something I never had earlier, being a workaholic," he says.

UMESH GOSWAMI/www.indiatodayimages.com

VISTY BANAJI (PICTURED WITH WIFE)/ 56
THEN: President, Group Corporate Affairs (Legal, HR, IT), Godrej Industries
NOW: CEO, Banner Global Consulting

"It's not because I was unhappy....It's just that I wanted to bring my knowledge and expertise into play on a variety of platforms"

Sehgal, who gave up a promising career at Edelweiss to start his own firm, Logistics Consultants, affirms that he too sometimes misses the perks that came with his investment banking job, not to mention the steady assured income. But "there's nothing quite as thrilling as doing your own thing", he adds.

Kirtane laughs when he says he still doesn't get a fifth of what he used to at Cisco. "But then I was never too fond of a cushy, pampered life. I knew I could no longer walk into exclusive clubs or play golf on the weekends, but the thrill of working with multiple clients and designing strategies for them, compensates for any such shortcomings. My life has more meaning now," he says. ⊙

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Location: Hyderabad
Job ID: 8509250
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Deloitte
HR Resource Management — Sr. Analy
Location: Hyderabad
Job ID: 8512391
Description: Maximize, project, allocate & accurately forecast India serv utilization; Promote and monitor scheduling & time reporting.

BrickRed Technologies
Engineering Manager - Documentum
Location: Noida
Job ID: 7721582
Description: Planning & Tracking, Requirements Management, Estimating Efforts, Creating, Maintaining & Tracking Project Plans, Risk Identification & Mitigation Planning.

Nous Infosystems Pvt. Ltd.
Technical Architect- MS
Location: Bangalore
Job ID: 7752898
Description: Create end-to-end archi and technical designs for enterprise-sc applications.Design & develop highly c applications

Patni Computer Systems Ltd
Software Specialist - Java Portal
Location: Bangalore, Chennai
Job ID: 8491269
Description: Person must have experience in Portal/Java technologies; hands-on knowledge/experience of JBoss Portal, Spring MVC portlets, java web services .

Juniper Networks Inc.
Tech Publishing Engineering As Manager
Location: Bangalore
Job ID: 8496737
Description: He/she must have experi technical writing and documentation leadership. Excellent people mana skills.

Cognizant Technology Solutions India Private Limited
R&D Railway Systems Engineer
Location: Hyderabad
Job ID: 8177219
Description: Delivery of requirements, Railway architecture and design artefacts for the end products of the R&D programs/projects.

Pegasystems Worldwide India Limited
Senior Solutions Architect - Life Science
Location: Hyderabad
Job ID: 8148170
Description: Owns design, develo delivery and support for solution frame Sets project delivery schedule and delivery; Knowledge of PRPC architect

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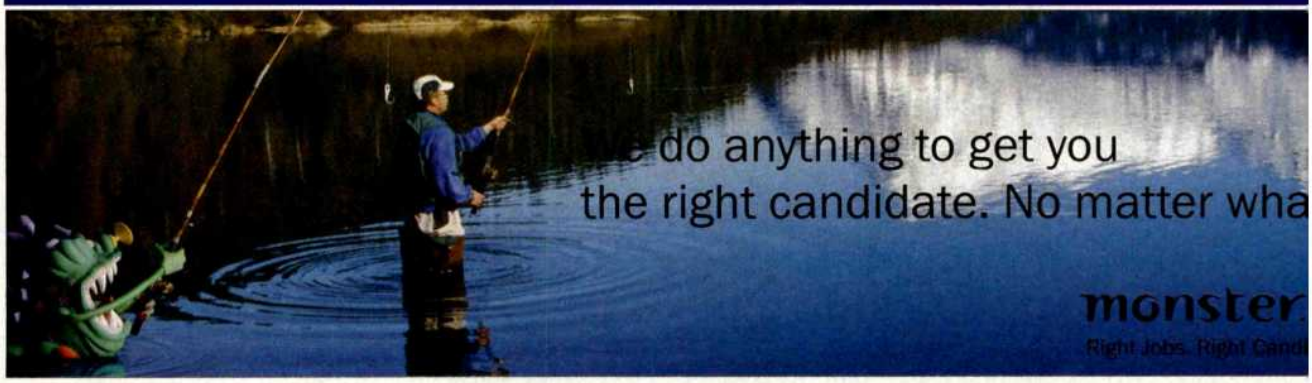

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Principal Service Engineer
Location: Bangalore
Job ID: 8281755
Description: Aspirant must have system administration background; strong network-level troubleshooting ability; Strong progg skills in: C, Perl, Python, Ruby, shell scripting.

Quadlabs Technologies Private Limited
Project Manager / Project Leader
Location: Delhi, Noida
Job ID: 3391206
Description: Exp. in software analysis, design and development, hands-on experience in Microsoft .NET technologies, MS Certifications would be a bonus.

Professional Access, Limited
Manual Testers
Location: Bangalore
Job ID: 8505375
Description: Applicant must have worked in Technology and Data migration projects; good in writing Test Cases, UAT, Defect management system etc.

ABB Limited
Senior Software Engineer
Location: Bangalore
Job ID: 8420170
Description: Responsible for SDLC tools(third party tools) integration and workflow development in tools from HP/IBM/ Rational/ Microsoft for diff R&D units.

ValueLabs
PL/SQL Developer
Location: Hyderabad
Job ID: 8367381
Description: Experience in Oracle SQL, PL/SQL & T-SQL programming; Well versed with Datawarehouse concepts;Strong knowledge of Database Design and development.

Accenture Services Pvt. Ltd
Sr. Specialist-Tech Labs
Location: Bangalore
Job ID: 7918120
Description: Accenture Technology Labs investigates how technology will shape the future of our clients and their customers as well as our own consulting and outsourcing businesses.

Informatica Corporation
Senior Software Engineer
Location: Bangalore
Job ID: 8358371
Description: Strong knowledge of object-oriented design and design patterns; Excellent Java programming skills, Java UI technologies, Java unit testing tools.

Virtusa Software Services Pvt Ltd
DWH/BI Architect
Location: Chennai
Job ID: 8412326
Description: Involved in full lifecycle development and implementation enterprise data warehouse, BI reporting and analytical services.

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McGraw-Hill companies
Sales Executive
Location: Noida
Job ID: 8126987
Description: Generate demand for the new products & sell the back list titles to the dealers and retailers under close supervision.

Firstsource Solutions Limited
Telesales Executive
Location: Mumbai
Job ID: 8484770
Description: Candidate must have r experience in the required field and communication skills in Hindi, E Gujarati.

Oracle
International Business Dev Mgr
Location: Bangalore
Job ID: 8381588
Description: The candidates should be a graduate and should have at least 2 to 6 years experience handling end to end sales cycle of Software products .

Sybase Inc
Sales Manager
Location: Delhi
Job ID: 8318700
Description: Deliver revenue as per qu targets. Work with minimal supervis deliver strategic objectives set forth by C Manager / Regional Director.

ValueLabs
AVP - Sales
Location: Hyderabad
Job ID: 7780505
Description: Extensive direct, new business sales skills with consistent achievement of financial targets. Exceptional verbal and written communication skills.

Philips Electronics (India) Limited
Executive/ Assistant Manager - Sales
Location: Mumbai
Job ID: 8517659
Description: Responsible for sale of Consumer Lifestyle range of Produc DVD, Music Systems, DAP; candidate have exp. of managing distributors etc.

Patni Computer Systems Ltd
SAP SD
Location: Mumbai
Job ID: 8514571
Description: Experience 3 years SAP SD Consultant , Additional knowledge of SAP MM / Any other Module will be added advantage. Sales Orders, Third party, consignment etc.

SIEMENS
Business Development Manager
Location: Mumbai, Pune
Job ID: 7120803
Description: Incumbent must have re SAP Solution selling experien Manufacturing Domain.

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Suzlon Energy Ltd
Financial Controller
Location: Mangalore
Job ID: 8475262
Description: Preparation of Vertical Financial Performance levels and monitoring on regular basis; Analysis of performance - Budget variance, Financial Performance Levels.

Sapient
Sr Associate-Financial Planning and Analysis
Location: Gurgaon
Job ID: 8506977
Description: Responsible for financial operations and analysis for a number of internal clients; extensive modeling to predict profitability etc.

Synechron
Financial Domain Specialists
Location: Bangalore, Pune
Job ID: 8372500
Description: Person must have excellent exposure to domains like Investment Banking/ Insurance/Mortgage Banking/Trading/ Capital Markets.

Syntel Inc
Management Trainee
Location: Mumbai
Job ID: 7853323
Description: Looking for B.COM / BBA / BMS graduates with AMFI / NCFM Certifications; Good Communication Skills; Knowledge of Capital markets / Mutual funds, MS Excel.

ACS, Inc.
Chartered Accountants
Location: Bangalore
Job ID: 8427029
Description: Person should be able to prepare financials for statutory audit, schedules, notes & reconciliations; knowledge of accounting standards etc.

GlobeOp Financial Services
Chartered Accountant (CPA)
Location: Mumbai
Job ID: 8471884
Description: CA with 2-4 years of audit experience, preferably in the financial services industry.Proficiency with the Risk Based Audit approach.

Capital IQ
Junior Research Associate
Location: Hyderabad
Job ID: 4404763
Description: Candidate should posses the skills to critically investigate Corporate Financial statements, with good communication, interpersonal & leadership skills

Monster.com
Regional Trainer - Telesales
Location: Hyderabad
Job ID: 8530951
Description: Develop & execute training strategy in partnership with global team for the region. Deliver training programs in the areas of Telesales.

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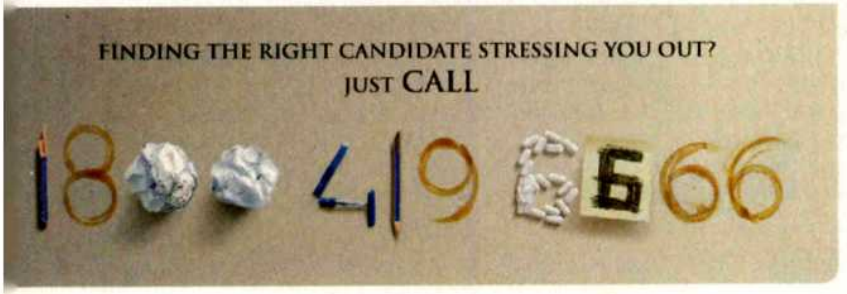

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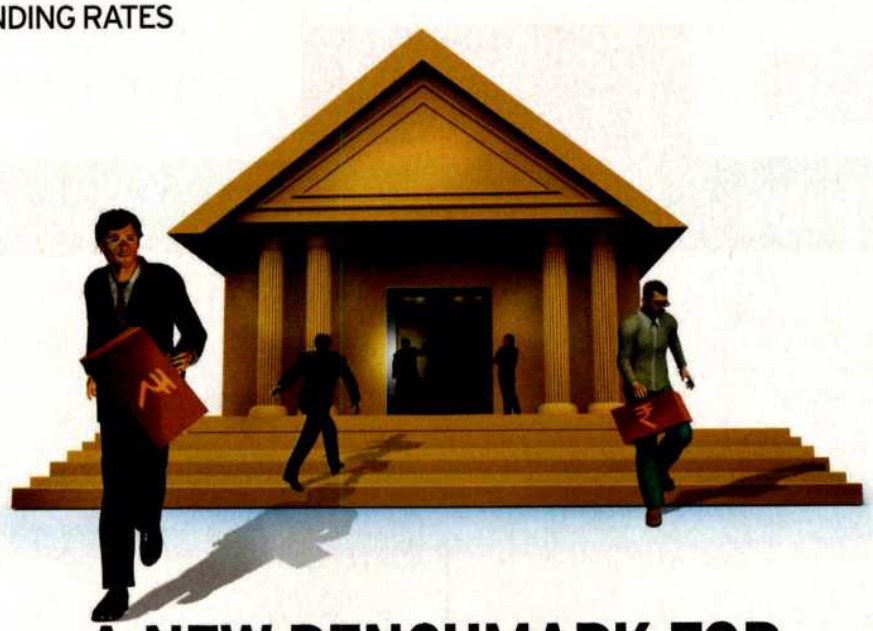


ALANKAR

A NEW BENCHMARK FOR LENDING

The new base rate will make lending more transparent, but it is unlikely to change the interest rates for borrowers immediately and will benefit them only in the long term. BY RAKESH RAI

From July 1, banks have switched over to the base rate mechanism for pricing loans. This marks the end of the benchmark prime lending rate (BPLR) regime, which was particularly disadvantageous to retail borrowers. While banks were quick to raise rates every time the Reserve Bank of India (RBI) hiked its rates, the reverse did not happen. The base rate, say experts, will give even the existing borrowers the option to shift to lower rates.

Base rate is the minimum rate at which banks can lend (barring specified exemptions, such as to export and agricultural sectors). According to the RBI guidelines, it is calculated on the basis of the cost of deposits. This will also compensate the banks for the money they lose in maintaining the cash reserve ratio and the statutory liquidity ratio because this can now be included in the deposit costs. A premium will be added to the base rate to account for the unallocated costs of running the bank and an estimated profit margin. This formula is more transparent than the BPLR, which was not linked to any parameter in particular.

What Will Change

The first change is that all loans, including home, personal and education loans, will be pegged to a single rate. While, earlier, banks had separate BPLRs for retail and corporate loans, now all borrowers will consider only the base rate. Also, the transmis-

EVOLUTION OF THE LENDING RATE STRUCTURE

SEPT 1990
Rates rationalised into six slabs. Banks free to set rates on loans of over Rs 2 lakh, with the RBI prescribing minimum rates

APR 1993
The six slabs for lending rates compressed, first to four and then to three. The RBI continues to set minimum rates

OCT 1994
Rates for loans with credit limits of over Rs 2 lakh deregulated. Banks required to declare their prime lending rates (PLRs).

FEB 1997
Banks allowed to prescribe separate PLRs and spreads over PLRs, both for loans as well as cash credit components

OCT 1997
For term loans of three years and above, separate prime term lending rates required to be announced by banks

APR 1998
Prime lending rates converted into a ceiling rate on loans worth up to Rs 2 lakh

sion of policy guidelines, such as lowering of rates, is expected to be much faster in the new regime. For instance, if a home loan is pegged at base rate plus four percentage points and the bank brings down its base rate, the benefit will pass on to the existing borrower. In fact, this was one of the main reasons for introducing the base rate. An RBI panel recommended the new system in October 2009 after it found that most private sector banks were not passing on the reduction in policy rates to customers. This was especially evident in case of home loans. However, for the existing borrowers, whose loans are pegged to the BPLR, shifting to the base rate may not be easy. For one, most bankers feel that banks will not take the initiative to inform customers about this option. The good news is that the RBI has asked banks not to charge the borrowers for the shift.

What Will Not Change

Whether it is the base rate or the BPLR, it won't help to compare interest rates of two banks. The reason is that the base rate is just a benchmark, not the rate at which you get the loan. The lending rate depends on the risk premium based on the borrower's credit worthiness and the risk of the venture being financed. The borrower will also continue to benefit from teaser rates under the new system. In fact, SBI has already extended its teaser rates till September, and HDFC Bank has done so till March 2011.

When the existing borrowers shift to the base rate system, the interest rate they pay is unlikely to change significantly as banks will add overheads, such as risk premiums, to take it to the original level. "Banks have the flexibility to control other loan-pricing elements, including tenor and credit risk premiums, as well as product-specific operating costs. This will provide them with some cushion to protect their interest spreads," says Suman Chowdhury, Head, Crisil Ratings. The benefit of shifting will be evident if the base rate comes down.

A low base rate is also not expected to have borrowers flocking to the bank that quotes the lowest rate. This is because a bank's capacity to service loans is based, among other things, on its deposits. So, even if everyone wants to go to a particular bank, it may not be able to accommodate them.

What You Should Do

If you are an existing borrower, shift to the base rate structure. However, if you are planning to take a loan, don't go by the base rate alone and consider other factors, such as customer service and branch proximity. Even the base rate differential for many banks may change soon as interest rates are expected to go up in the short term. "Interest rates have already started hardening. They are likely to rise by at least half a percentage point over the next six months considering the present liquidity scenario and the upward inflationary pressure," says HDFC Chairman Deepak Parekh. In fact, wait till September 30, when banks will get a chance to revise their base rates. The new system is a step towards making lending transparent. One hopes, it will also translate into simpler loan documentation. ⊙

Courtesy: *Money Today*

The Base Rate Card

Public sector banks have been cautious about protecting their margins

7%
Dhanlaxmi Bank, DBS Bank

7.25%
HDFC Bank, Kotak Mahindra Bank

7.5%
State Bank of India, ICICI Bank, Axis Bank

7.75%
Corporation Bank, Federal Bank, State Bank of Mysore

8%
Central Bank, Union Bank, PNB, IDBI Bank, Indian Bank, Bank of Baroda, Allahabad Bank, Canara Bank, UCO Bank

8.25%
Indian Overseas Bank, J&K Bank

8.5%
Karur Vysya Bank

Base lending rates for banks effective July 1, 2010

APR 1999
Tenor-linked prime lending rates introduced

OCT 1999
Banks given flexi-bility to charge interest rates without reference to PLR for certain categories of loans/ credit

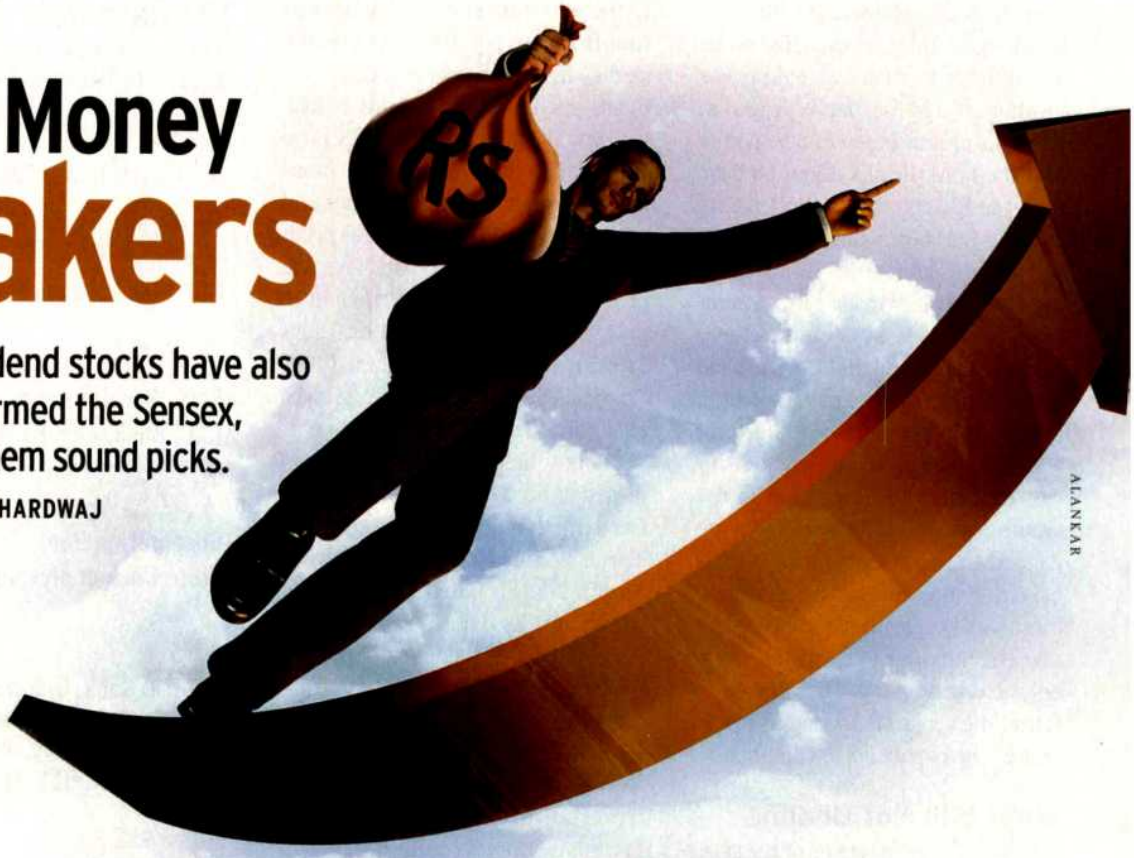
APR 2000
Banks allowed to charge fixed/ floating rates on their lending for credit limit of over Rs 2 lakh

APR 2001
PLR ceases to be the floor rate for loans of more than Rs 2 lakh. Banks allowed to lend at sub-PLR rates for such loans

APR 2003
Benchmark PLR system introduced and tenor-linked PLRs discontinued

JUL 2010
Base rate system of loan pricing introduced, effective July 1, 2010. Rupee lending rate structure completely deregulated

The Money Makers



ALANKAR

High dividend stocks have also outperformed the Sensex, making them sound picks.

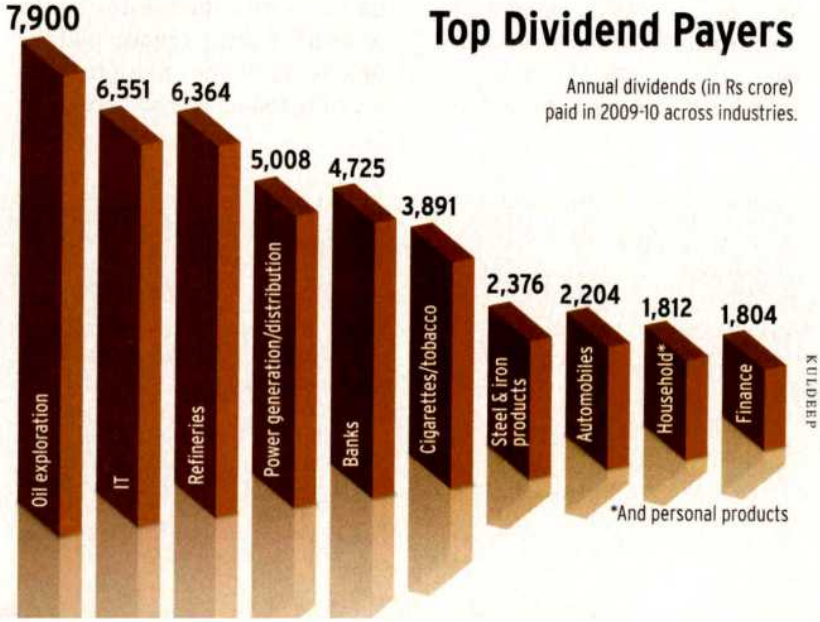
BY SAMEER BHARDWAJ

When Hero Honda announced a 5,500-per cent dividend per share earlier this year, it not only perked up its shareholders, but also heightened investor interest in companies that pay dividends. Hero Honda isn't an aberration. Several other firms have rewarded their shareholders with high dividends, and as the economy shows signs of improvement, more are expected to follow suit. Should dividend be considered a parameter while investing in a stock? After all, some companies may announce it to revive their battered share prices, while others may do it at the risk of taking on too much debt or losing out on expansion.

To find an answer, we analysed 446 companies that have declared dividends every year over the five years. We divided these into groups — companies that have high dividends and those that have paid low dividends. In the case of the high-dividend payers, the average annual dividend growth in the past three years has been higher than their respective industries. The companies that have had a dividend growth rate lower than their respective industries are considered low payers. Of the 446 companies, 187 made it to the high-dividend list, while 259 were low payers. We also analysed the performance of these firms with respect to the Sensex.

Top Dividend Payers

Annual dividends (in Rs crore) paid in 2009-10 across industries.



KULDEEP

Between 2006-07 and 2009-10, the Sensex generated an average return of 10 per cent a year, while the top 58 companies that paid the highest dividends delivered a return of more than 30 per cent a year. In the high paying group, 72 per cent of the companies outperformed the Sensex, while 60 per cent of the low payers underperformed the index. This clearly shows that dividends influence the share prices of the companies. The outperforming group also displayed sound fundamentals in 2009-10. This group's average operating profit growth was 48.8 per cent compared with 28.5 per cent for the underperforming group. Similarly, on the revenue front, the outperformers reported a sales growth of 13.5 per cent, compared with the underperformer's 9.9 per cent.

However, one must remember that some firms pay dividends even if they are not earning adequate profits as they want to attract investor interest. "The companies with high earnings and leverage ratios will be unable to afford large dividend payouts as the profits will be first used to pay the debt on the balance sheet. An investor should buy the stock only if the firm has a sound business model and reasonable growth prospects, coupled with a high dividend yield," says Pallav Sinha, MD and CEO, Fullerton Securities & Wealth Advisors.

To zoom in on such stocks, we filtered 15 firms whose dividend payments rose consistently between March 2006 and March 2010. After comparing their price rise with the BSE 500 Index, only nine companies made it to the final list: Asian Paints, Axis Bank, BHEL, Colgate-Palmolive, HDFC, HDFC Bank, L&T, NTPC and RIL. These have also earned higher returns than the BSE 500. Dividends can be a steady source of income and investors can consider moving some money from fixed income options to high dividend stocks. If the dividend yield is eight per cent, it means an investment of Rs 1 lakh will earn Rs 8,000 annual dividend, which is tax-free. Such stocks are useful in bearish markets as the dividend yield helps contain the losses. If the stock price falls, the dividend yield goes up, making the stock attractive. "Conservative investors could invest more in such stocks," advises Sinha. ⊙

10 Companies Paying Highest Dividend

	Dividend payout (Rs crore)		3-yr dividend CAGR (%)		3-yr share price CAGR (%)
	2006-07	2009-10	Company	Industry	Company
Manappuram General Fin & Leasing	2.0	8.5	63	27	159
Vinati Organics	0.8	4.9	84	17	149
Hawkins Cookers	3.7	21.2	79	59	121
LG Balakrishnan & Bros	4.2	5.1	7	-2	120
LIC Housing Finance	67.9	142.4	28	15	85
Zydus Wellness	0.6	11.7	175	22	70
Engineers India	53.3	112.3	28	23	69
Coromandel International	25.6	56.1	30	5	69
Rallis India	9.6	22.6	33	28	69
Adani Enterprises	11.3	49.8	64	62	65

10 Companies Paying Lowest Dividend

	Dividend payout (Rs crore)		3-yr dividend CAGR (%)		3-yr share price CAGR (%)
	2006-07	2009-10	Company	Industry	Company
Emco	5.1	8.7	19	25	-54
Provogue (India)	2.9	2.3	-7	1	-53
Donear Industries	7.8	2.6	-31	1	-49
DS Kulkarni Developers	4.4	2.6	-16	-2	-39
Gujarat Fluorochemicals	28.9	38.5	10	17	-37
Sobha Developers	40.1	24.5	-15	-2	-30
Lumax Industries	4.2	2.8	-13	15	-30
Sasken Communication Tech	11.4	10.8	-2	31	-29
Rajvir Industries	1.2	0.6	-21	1	-27
KLG Systel	2.7	0.6	-38	31	-26

Figures are average annual rise/loss. The Sensex has given an annual average return of 10% between 2006-07 and 2009-10. Data source: Accord Fintech

Consistent Players

The companies whose dividend payouts have risen on a regular basis have also delivered above-average returns.

	DIVIDEND PAYOUT (Rs crore)			DIVIDEND PER SHARE (Rs)	
Company	2005-06	2007-08	2009-10	2008-09	2009-10
Asian Paints	120	163	259	17.5	27.0
Bharat Heavy Electricals	355	747	1,141	17.0	23.0
Colgate-Palmolive (India)	102	177	272	15.0	20.0
HDFC	499	710	1,034	30.0	36.0
Larsen & Toubro	302	495	753	10.5	12.5

Courtesy: *Money Today*

End of the Pixel War

Megapixels no longer count in a digital camera, image processors do. BY KUSHAN MITRA

When the first consumer digital cameras hit shop shelves about a dozen years ago, it was evident to market gurus that film photography was on its way out. And, as digital cameras started delivering sharper images, professional photographers made the shift to what are called digital SLRs, short for single-lens reflex cameras, and film truly became history.

That mad rush to get sharper images soon became the War of the Megapixels. Weeks after one manufacturer launched a 3.2-megapixel camera, rivals would launch a 4.1-megapixel one and, soon, someone else would hit back with a five-megapixel machine. And as camera makers jostled on other features such as zoom, wide-angle lens and light sensitivity, buying a camera became a tricky proposition. Over the past year or so, thankfully, that appears to be coming to an end. Compact consumer digital cameras have topped out at between 10 and 14 megapixels and most digital SLRs pack in between 12 and 16 megapixels, though top-end models have 24 megapixels-plus.

To understand the flattening out of the megapixels curve, a primer is in order. What is a pixel? Simply put, it is one dot or a single piece of colour information on an image. A million pixels form a megapixel, the more the megapixels, the more colour information a camera can capture. However, basic colour information is not enough. Cameras from the top manufacturers have advanced optics and processing power that improve the quality of the image, the colour temperature, sharpness and contrast.

The reason more megapixels do not make sense anymore is because at full resolution on a 14-megapixel image, you will need an array of 12 screens to see the image in full and you could take a billboard-sized printout. For images that get put up on online social networks or have small 4x3 inch prints taken, five-odd megapixels are more than enough. In fact, even though memory is increasingly becoming a commodity, many manufacturers recommend that you cut back the size of your image on some digital cameras to save space on the memory card.

CLEAR PICTURE

MEGAPIXELS: You need 14-megapixel cameras if you want billboard-sized prints

ZOOM: Digital zoom does not cut it; 'optical zoom' is what you are looking for

ISO SETTING: This denotes the sensitivity of the sensor; a setting of 16,000 is fine

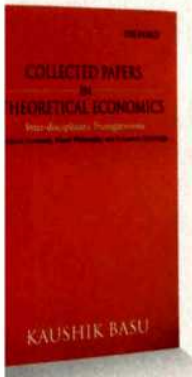
HD VIDEO: Most digital cameras, even the compact ones, have HD-video recording

MULTI-POINT FOCUS: Multi-point autofocus, instead of central focus, make for brilliant pictures

What then matters when you buy a camera today? Especially, when your purchase will be among what Hiroshi Takashina, the India Managing Director of Nikon, estimates at two million compact digital cameras sold in the country this year. Note that price is hardly a swing factor in such purchases, given that there are 10-megapixel cameras starting at Rs 4,000, and top-end digital compact cameras with 14 megapixels and a loaded feature set at Rs 10,000 and upwards.

The first thing to remember is that while megapixels do not matter much anymore, colours do — which is decided by the quality of the sensor and the image processor. This is perhaps why companies like Canon, Nikon and Sony still command a slight price premium. So, this is the buying drill *BT* suggests: take a picture or two with the camera and view the image on a computer screen. Next, settle for a feature set that suits your needs even if it is less than all that's on offer. All digital cameras also come with a loaded feature set, including touchscreen displays and high light-sensitivity but these make them even more expensive.

The next wave in digital cameras will be driven by high definition (HD) video abilities. Currently, only the top digital SLR cameras such as the Canon 7D and Nikon D3S can take full HD video, with compact digital cameras stuck at 720p resolution. With HD televisions being sold in large numbers — last year an estimated 1.5 million were sold in India — video recorded from cameras can be played back on these screens. That could lead to digital cameras killing camcorders. ⊙



ected Papers in oretical Economics/ r-Disciplinary nsgressions/ Vol. IV
HOR: Kaushik Basu
LISHER: Oxford ersity Press
ES: 302
E: Rs 775

A Creative Mind on Social Issues

Out of the four volumes that are now available, this is the one that will be of most interest to the non-economist, says BIBEK DEBROY.

Suppose that there was a ritual in the world whereby in each city the mayor tosses a coin 20 times at the start of each millennium....Let us suppose in Washington a researcher wanted to see if there was reason to believe that there was a particular bias in coin tosses in Washington and he discovered that in fact all the 20 tosses had yielded heads. He would be tempted to publish a paper entitled, 'Heads Bias in Washington', and may have speculated if having too many senators or too many lobbyists caused this.... It is indeed very surprising to get 20 heads in a row.... Given that this ritual is followed in thousands and thousands of cities, the probability is very high that a sequence of 20 heads will occur somewhere. So the fact that this *has* occurred somewhere is of no interest whatsoever."

That's Kaushik Basu for you, giving an example of how one can be led astray in the interpretation of probabilities. Without disrespect to any of his illustrious predecessors in the post of Chief Economic Advisor to the Finance Ministry that he now occupies, I think Kaushik is different because he is a theoretical economist with a Ph.D. thesis on revealed preference of government. There are those who will describe him as a development economist. Still others will have read his popular columns, a pastime not every self-respecting economist dabbles in. He straddles several spaces, including creating board games, writing plays and hand-painting saris.

This volume, the fourth in a series, has a sub-title that states "Inter-Disciplinary Transgressions" and mentions political economy, moral philosophy and economic sociology. There is a fair bit of law in the essays, too. (Law figured conspicuously in Volumes I and III.) The 18 essays are divided into four parts — methodological foundations; culture, custom, and consuetude; moral, philosophy and ethics; and economic theory in society and polity.

A few are co-authored and the last essay is a longish review of Stiglitz's "Globalization and Its Discontents". These are collected papers, so they are not new and have been reprinted as they were originally published. Therefore, there is some repetition across the essays.

Kaushik writes well, like his mentor Amartya Sen. However, there is one technique where he has out-done the mentor: of picking up an ordinary example, using that as an illustration, and then building an elegant theoretical model.

The essays cover methodology, the nature of causality, social norms, group identity and so on. Despite game theory, mathematics and modelling, there is plenty for the so-called laity. Kaushik writes: "John Bon Jovi has a well-known song that goes, 'It's been raining since you left me.' The popular Bengali singer, Anjan Dutta, on the other hand, has a song that says, 'The clouds bring no rain, when you are not around.'...It is meant to be understood that John Bon Jovi is referring to the gloom and depression associated with rain.... A person brought up in India knows that rain is associated with beauty and romance, and its absence denotes gloom and bereavement."

This then takes off into a discussion on social norms and cooperative behaviour. Out of the four volumes that are now available, this is the one that will be of most interest to the non-economist, with some competition from Volume I. One should not look at it as a compilation of an economist's output. It is more a compilation of a fertile and creative mind thinking about social problems. ⊙

Despite game theory, mathematics and modelling, there is plenty in this collection to interest the so-called laity.

BOOKMARKS

Confidence Game How a Hedge Fund Manager Called Wall Street's Bluff
By Christine S. Richard
John Wiley & Sons
Pages: 334
Price: Rs 1,316

A closed mouth gathers no foot. That sums up the questioning attitude of the protagonist of this riveting tale and how he punctured the myth of a AAA-rated bond insurance firm.

Copycats: How Smart Companies Use Imitation to Gain a Strategic Edge
By Oded Shenkar
Harvard Business Press
Pages: 241
Price: Rs 1,410

Why innovate when you can imitate? Not illegal imitation such as piracy and counterfeiting, the author stresses, but imitation of products, processes or business models.

Burning the Candle at Both Ends

Killer carbs and colas: Recipe for a health disaster

MONEY SHARMA

It's time to get a grip on when your workday begins and when it ends, especially if you keep erratic hours. BY SAUMYA BHATTACHARYA

For years, Kishen Paswan, 35, had, like most office-goers, kept to a routine of 9 a.m. to 6 p.m. So six month ago, when he decided to join WNS Global Services, a business process outsourcing (BPO) firm, in Mumbai, he was well aware of the changed work timings — 6.30 p.m. to 3.30 in the morning — but hardly about its effects on his health. After just a couple of days into the new job, Paswan was confused, sleep-deprived and fatigued. "I felt horrible and my family was very concerned," he says.

Rachna Khanna-Singh, lifestyle expert and psychologist at Artemis Health Institute in Gurgaon, ascribes Paswan's problems to his changed body clock. A body clock not in sync "can trigger a string of problems," she says.

Outfits like WNS are abreast of such problems among the BPO workforce. In fact, WNS periodically conducts chat sessions with medical experts, employee counselling, pre-shift and post-shift exercises, power yoga and dance workshops to help its employees overcome the ill-effects of erratic hours. "The overall growth and development of an employee is a significant part of our employee proposition," says Karthik Sarma, WNS's Chief People Officer.

While health experts like Khanna-Singh endorse the benefits of such in-house measures, they say the prescription to deal with odd working hours extends beyond life at work.

The initial ill-effects of working

erratic hours are confusion and bouts of anger followed by insomnia. "When an erratic lifestyle prolongs, chronic pain and aches start to occur and mental symptoms, too, get exaggerated," says Khanna-Singh. High blood pressure, ulcers and cardiovascular diseases typically follow.

Last year, Harvard researchers identified the potential cause of the increased risk for cardiovascular and metabolic disease in shift workers. Hormonal and metabolic changes arising from working irregular shifts "could explain the increased risk for obesity, high BP, diabetes, and cardiovascular disease," the researchers had pointed out.

But shift workers are not the only ones at risk. "Those who work odd, irregular hours are equally at risk," says Ajay Pal Singh, psychiatrist at Max Healthcare, New Delhi. Another category of professionals at great risk are those addicted to social media platforms such as Twitter and Facebook. Singh says he knows of professionals who constantly update their social network profiles late into the night "little realising the havoc it can play with their health. There's no alternative to a night's sound sleep."

Even otherwise, the truth is that many professionals barely get five to six hours of sleep every day and wade through their typical work day with seven to eight cups of coffee. While this might help achieve professional goals, these people are putting their health in serious jeopardy. Take the example of Rakesh Kumar, a senior manager in a leading telecom services company. While the 40-something Kumar starts his day at 8 a.m., he does not know when it will end. "I cannot afford to work any less. I have targets to meet," he says. He makes do with just four to five hours of sleep on most days.

Singh, the Max psychiatrist, has advice for the likes of Kumar. First, figure out a routine. "Sleeping and waking up at a fixed hour everyday helps," says Singh. Two, avoid caffeine at least four hours before sleep (see *7 Steps to Lifestyle Modification*). "People like Kumar would do themselves a favour by avoiding carbohydrates while working late hours," adds Singh.

Are organisations doing enough to deal with the issue of erratic work hours? Perhaps not. "Young managers are burning out fast across organisations. Unfortunately, Indian organisations do not put enough emphasis on health," says Nina Chatrath, Senior Consultant at executive search firm Korn/Ferry International, who heads for an evening walk in the Lodhi Gardens in Delhi on all five working days. Organisations would do well to understand the gravity of the situation, as business stakes are too high, especially at senior levels, she adds.

Young managers could, perhaps, take a cue from how Paswan of WNS reclaimed his life. Three months into his BPO job, he began to religiously adhere to advice from his employer: no TV after work and at least six hours of sleep. He now uses the two-day weekly break to fight off stress and recoup his energies. ⊙

7 STEPS TO LIFESTYLE MODIFICATION

1. Stick to a routine. You may not like to go back to sleep immediately after working late in the night, but routine helps
2. Avoid alcohol, cola drinks and cigarettes. Stay away from caffeine four hours before you sleep
3. After working a late night, don't exercise vigorously before going to sleep
4. Don't eat spicy, high-calorie food at night. A glass of warm milk will help induce sleep
5. If you stay up late and sleep during the day, have your first meal consisting mostly of vegetables, salads and fruit
6. Sleep and wake up at the same time every day. Also take adequate sleep
7. Drink water to avoid dehydration. This will also help avoid headaches

RACHIT GOSWAMI

WNS's Kishen Paswan: Wiser after shifts took a toll of his health

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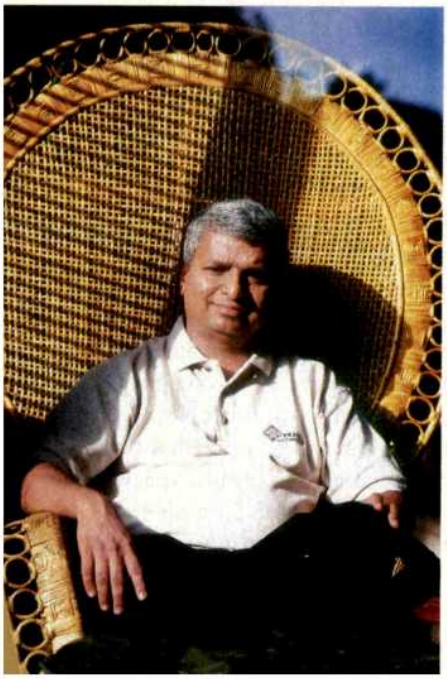
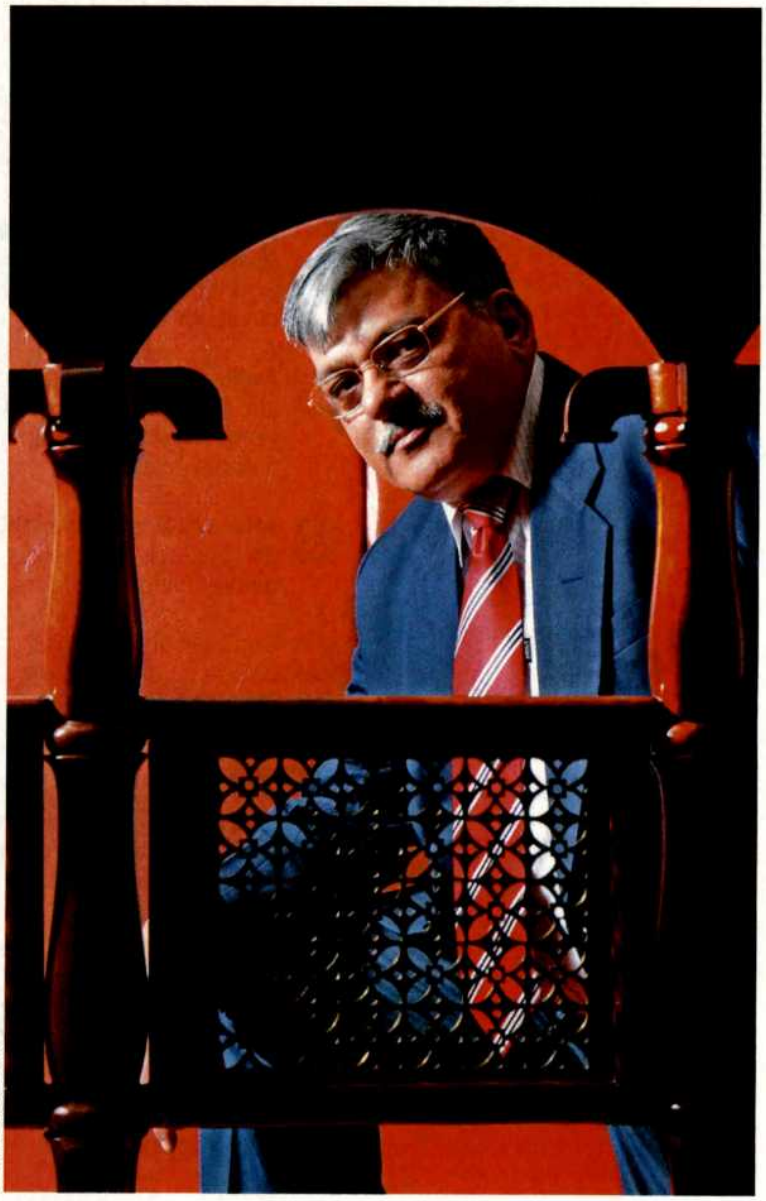
GURURAJ DESHPANDE

Innovation Accelerator

He's best known as the founder of successful tech start-ups Sycamore and Cascade — the first had hit $50 billion in market cap during the Internet boom. But now, serial entrepreneur **GURURAJ "DESH" DESHPANDE,** 59, will soon don a new hat. His newest role is as the Co-Chair of the United States National Advisory Council on Innovation and Entrepreneurship. Deshpande, brother-in-law of Infosys Technologies Chairman N.R. Narayana Murthy, plans to focus on re-establishing the US's prime position in innovation and research. "Innovation and the jobs and new businesses it creates are the drivers of renewed economic growth for the US," he says.

RAHUL SACHITANAND





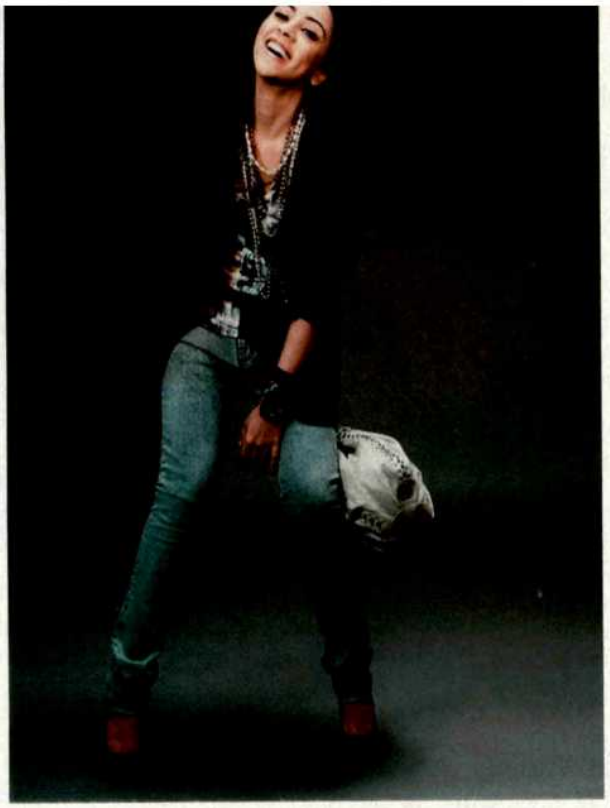
DEEPAK G. PAWAR

A.C. MAHAJAN

Mahajan's Quick Fix

Too often, customers using Canara Bank ATMs in Bangalore are likely to find them out of order. But if you are an investor in the bank's scrip, you will find the bank's finances are in fine fettle. Thanks in large part to the bank's Chairman and Managing Director **A.C. MAHAJAN,** who has scripted an impressive turnaround story. The bank has reported a stunning 82.5 per cent rise in its net profits in the April-June 2010 quarter. When Mahajan, 60, took over the bank's reins in July 2008, its business was just about Rs 266,000 crore and net profit for the just ended quarter was Rs 123 crore. This year's first quarter numbers tell a different story: The annual business has touched Rs 412,000 crore and the quarter's net profit is Rs 1,013 crore. Mahajan is even confident of "reaching the Rs 500,000 crore mark in turnover this fiscal". The challenge for Canara Bank will be to continue with its stellar performance from August 1 after his retirement.

K.R.BALASUBRAMANYAM



AMRITA PURI

Daughter in Tinseltown

Her father is an ace banker, but **AMRITA PURI** has her eyes firmly set on Bollywood. The daughter of banker Aditya Puri, MD of HDFC Bank, is trying her luck in acting after stints in theatre and modelling. She is debuting in a romantic comedy, *Aisha*, starring Abhay Deol and Sonam Kapoor. Produced by Anil Kapoor, the movie is an adaptation of Jane Austen's popular novel *Emma*, and Amrita, 26, is playing the second lead. Puri senior did have apprehensions initially, but Amrita's keenness on a career in movies convinced him. "Bollywood is not an easy profession (to get into) and also not a practical one," she says. But she is ready to give it her best shot.

ANAND ADHIKARI

MICROSOFT XBOX 360 WITH MOTION DETECTOR

Full-motion Gaming

Not a new product by any means, the Xbox 360 is already four years old, but boy, has Microsoft given the game console a makeover. It is smaller, sleeker and we're told that it is also a lot less noisier and has integrated Wi-Fi connectivity. The big news, though, is 'Kinect', Microsoft's answer to the Nintendo Wii. The Kinect system is a motion detector which does not need to wear wires or carry a remote. Instead, Kinect will detect your motion and transfer them into the game. Prices for the console start at Rs 16,990, though a model with similar specs costs just $199 in the United States (Rs 9,000 approx.). We would advise buyers to wait for the Kinect-equipped consoles that start shipping by the year-end.

KUSHAN MITRA

VIVHAN MEHRA

ISTANBUL, TURKEY

A Melting Pot

September is the best time to visit Istanbul, the capital of Turkey and of four empires of history. The world's only city straddling two continents, Istanbul is a melting pot of architecture and cultures. So what was the largest cathedral in Europe for over a thousand years became a mosque when the Ottoman Turks captured the city in 1453. But it also has one of the most modern transport systems. Feast on the food, from *kebabs* to vegetables and pastry. Places to visit: the Hagia Sophia, the Grand Bazaar, Topkapi Palace (where you need to buy a separate ticket to visit the harem) and the Blue Mosque. ⊙

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My leadership style

- ☐ Delegative
- ☐ Participative
- ☐ Authoritative
- ☑ All of the above

The political leader I admire the most

Sardar Vallabhbhai Patel.

The business leader I admire the most

Many. Difficult to single out one name.

The leadership lesson I remember the best

Always lead from the front during times of extreme adversity.

A book/movie I would recommend on leadership

The Bridge on the River Kwai.

The difference between a manager and a leader

A leader has a clear sense of direction and takes responsibility for the future. A manager executes in the present.

All good managers are good leaders

No.

As told to N.Madhavan

Vol. 19, No. 17, for the fortnight August 9-22, 2010. Released on August 9, 2010.

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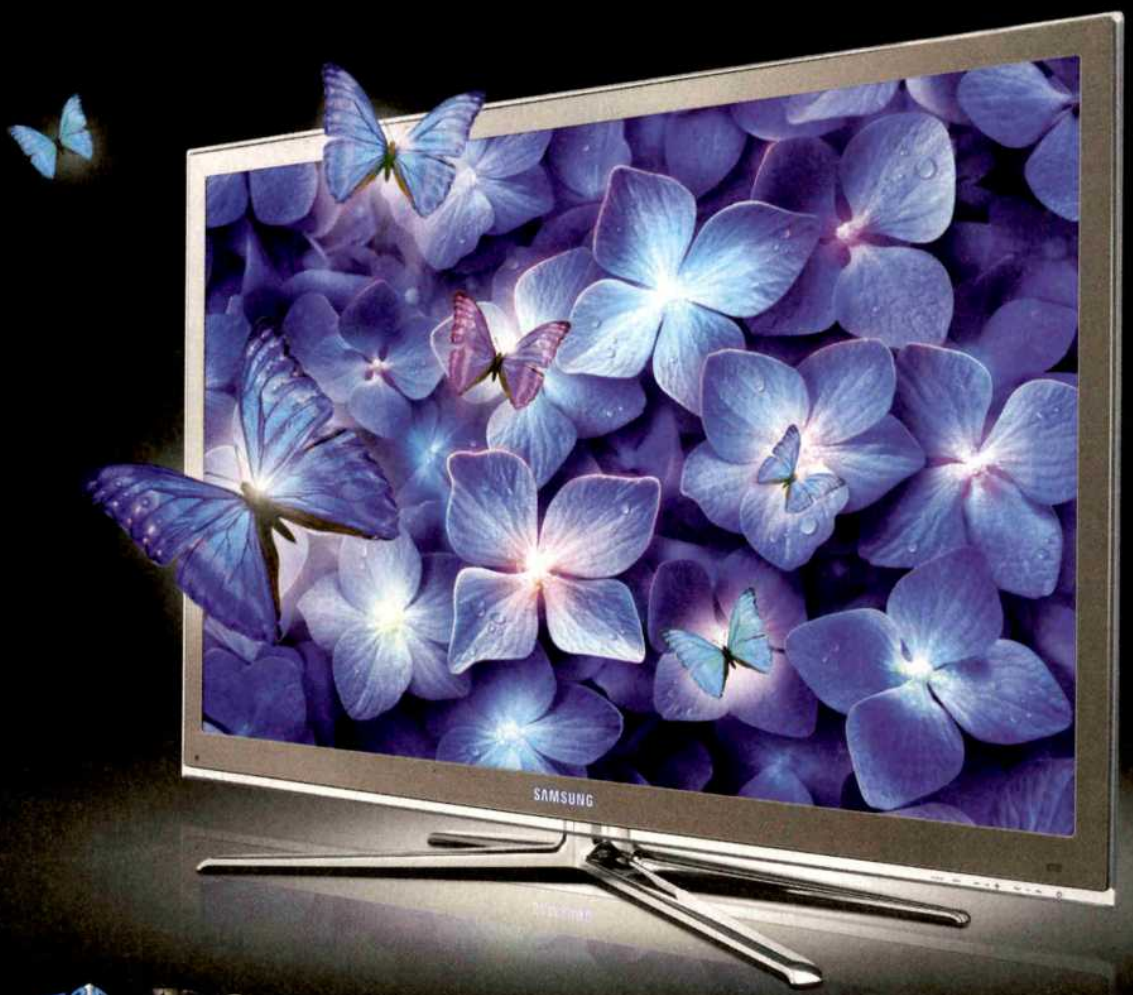

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From the Editor

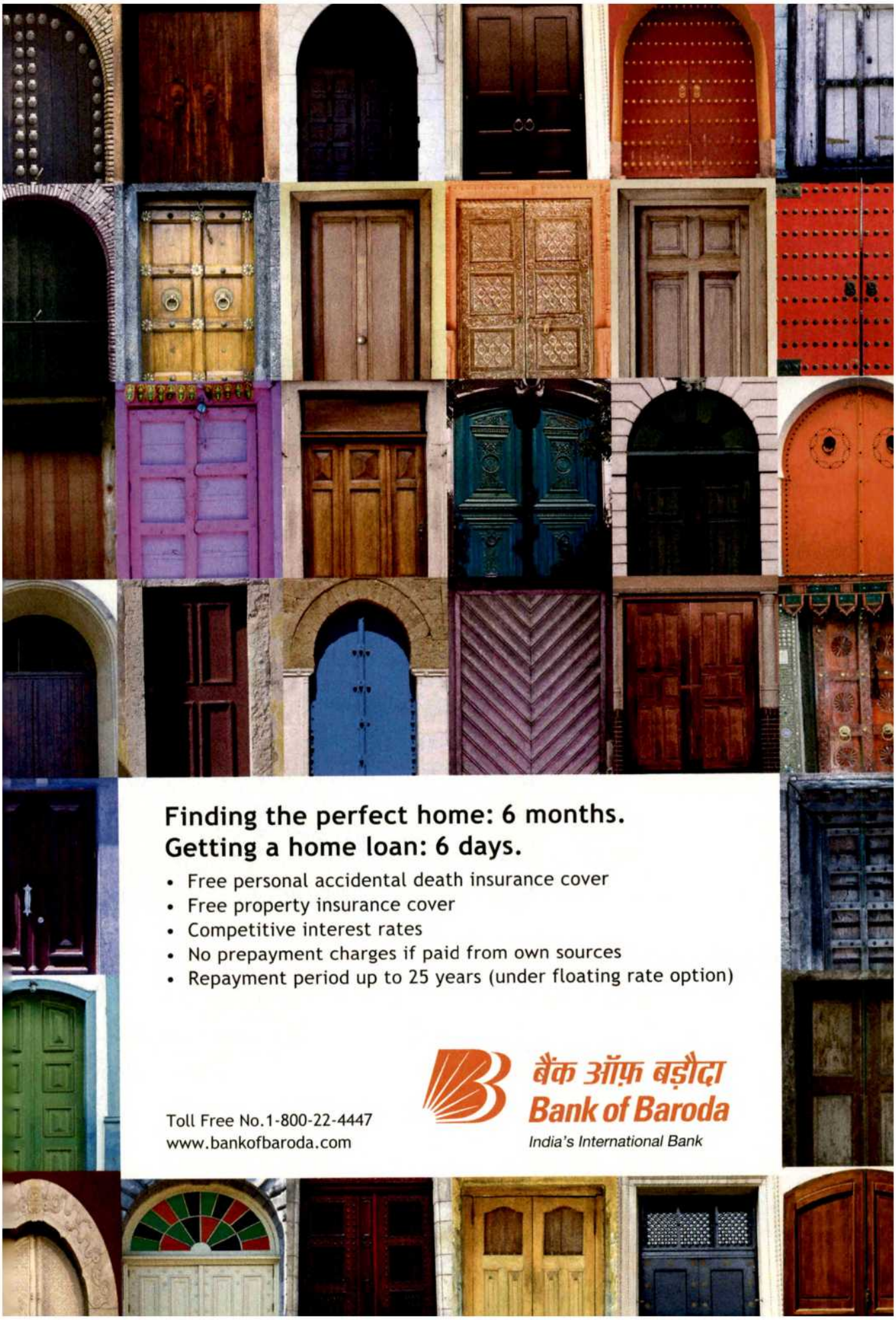
I had my epiphany on a Seoul subway in 2004. All around me, young men and women rode to work silently, mesmerised by television programmes streaming live into their handsets. Digital Multimedia Broadcasting was just starting off, but South Korea was already one of the most wired nations on earth — more than 70 per cent of its stock trading took place online, and the pioneering citizen-news site www.ohmynews.com boasted 36,000 "reporters". Mobile digital technology was moving at warp speed. Just seven years earlier, I had to struggle with a packet of SIM cards for each Indian city I flew to. NTT had successfully launched the world's first 3G commercial mobile service in 2001. In 2005, I was looking enviously at the NTT DoCoMo website, offering hundreds of services unheard of in dirigiste India. By 2007, half of Japan's best-selling books were written in SMS installments on mobile phones. Close to 40 million Japanese now use NTT's Osaifu-Keitai "mobile wallet" platform for a host of transactions, including keeping tabs on partying teenagers or carousing husbands.

"Telecoms is really all about the future," says Subhash Dhar, a senior Infosys official who's written a crisp column in this keepsake issue (page 56). "It's like building toll roads. You make huge investments, hope there will be enough users, and then move on to build the next highway. You can't stop."

Please do not snigger when somebody says "Beam me up Scottie". Take a look at this futuristic "Mission 201X" video clip at http://bit.ly/bteditor. When I watch my three-year-old grandson using an iPad intuitively and effortlessly, or when I think of how voice costs are plummeting, or video-chat with family and friends, or stand outside Harrods and identify which floor carries the best neckties by clicking a few buttons on my phone, I feel a bit vertiginous. The future seems deliciously unpredictable. The only certainty is that we will explore strange new worlds and boldly go where no handset has gone before.

And so we embarked with excitement on this fortnight's cover package. Digital natives Kushan Mitra, Manu Kaushik and Rahul Sachitanand, nannied by a few digital-immigrant editors, attempt to chart the new horizons. We're sure there are many points of shining light in the 3G/BWA firmament that we haven't travelled to, and we invite readers to write in with their thoughts and ideas. We don't know what lies in store in talkative India. We can tell that it will be ferociously competitive, with the iPhone and Android, and Google and Bing and more slugging it out. Are we really going to make 3G and 4G work in ways that will rewrite the business of connectivity, mobility and technology? Are we going to be able to pick and choose from bubblegum machines bursting with thousands of goodies that will electrify our synapses? Or are we going to end up with seething armies of unsatisfied customers who have to content themselves with apps that are doled out by Jurassic operators? We will know very soon.

Chaitanya Kalbag



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Savvy Managers

India's Best Fund Managers (*BT* cover, August 22) showcased the real behind-the-scenes investing heroes. It is to the credit of those heroes that they kept their eye on returns through the roller-coaster boom and bust cycle of the past three years. Indeed, tenacity and a zen-like equanimity seem to be their watchwords. **Abhay Suri**, *Delhi*

Beyond the Inheritors

Writing about the inheritors or the GenNext of established business houses no doubt piques general interest and makes for good copy. However, it would make the magazine more well-rounded if it looked beyond those who are well-entrenched by birth to ferret out the real grassroots entrepreneurs.

Shamdas Brij Kumar, *Hyderabad*

Words of Wisdom

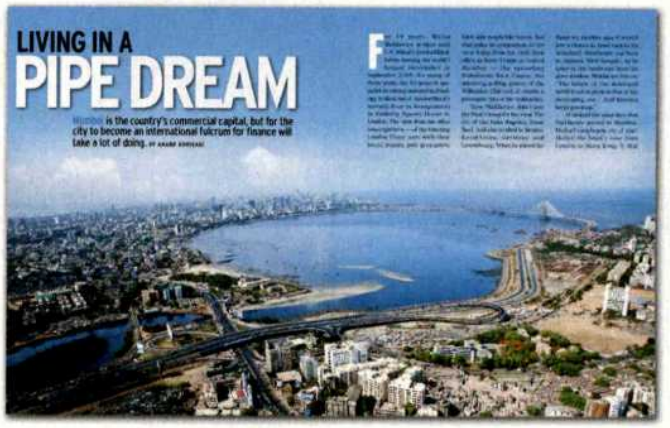
While the cover on *India's Best Fund Managers* was welcome, I have a minor grouse. Perhaps more column space needed to be given to the investing strategy of these mavens backed by specific examples. It is otherwise difficult to sift the wheat from the chaff in a list of sometimes well-worn lines. **Raj Guha**, *Chennai*

Image Problem

HP Faces a Perfect Storm (*BT, August 22*) made for some sobering reading, as an example of a global leader mis-stepping in marketing. Has Hewlett Packard's crown slipped because in the fast-growing laptop segment Dell is generally seen as being cheaper in India? It could also explain Acer gaining traction in desktops. Internal skirmishes aside, the real problem seems to be HP's somewhat pricey image. **Guru Dutt**, *Bangalore*

Aspiration Climbdown

Living in a Pipe Dream (BT Special, August 22) was a familiar story of Mumbai's potential as a financial hub and the litany of bottlenecks created by a creaking infrastructure and government mismanagement. The problem, as Nasser Munjee put so aptly in his column, is simple: We do not care about this opportunity to put a foot in the door of the corridors of high finance. A pity, really, because this apathy only hurts *us*. **Ram Mahesh**, *Mumbai*



No Bed of Flowers

What is true for roses *(No Bed of Roses*, BT, August 8) is equally, if not more, true for the dry flower industry. Despite its potential, the government has not given this segment its due.

Kishan Raj Singhwi, *Kolkata*

It Happens Only in India

Aviation: Low Cost Rules (*BT Cover*, July 11) displayed amply how Indian skypreneurs have handled unique challenges in an innovative way. It's their business acumen that has circumvented problems like limited airport facilities, soaring fuel prices, a high turnaround time, and created a business opportunity where none previously existed. Critics take note: Such tales, too, happen only in India. **Ankit Shah**, *Baroda*

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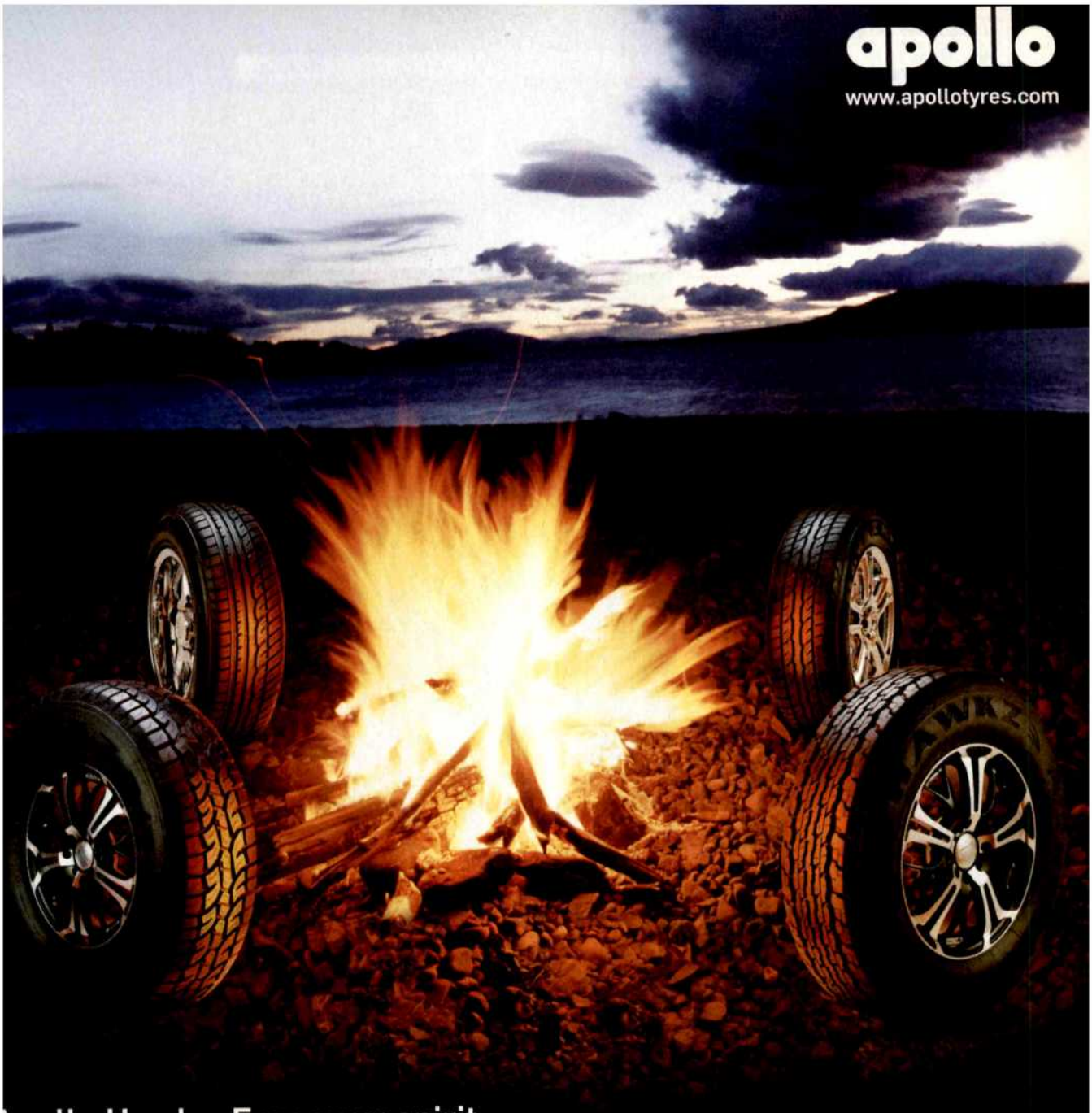

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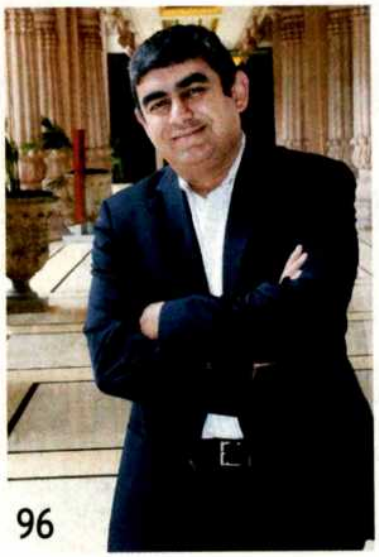

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India's Best Fund Managers

Who are India's top fund managers and which are the funds they manage? For our cover story, we collaborated with Delhi-based Value Research, which has the most extensive database on mutual funds in India, to bring you profiles of 13 whizzes, their investment strategies and their approach to market. Also, read about why, despite a growing understanding of mutual funds as a profitable asset class, retail investors still shy away from MFs, preferring risk-free, government-backed, fixed return and low-yielding instruments instead? www.businesstoday.in/coverstory

THE IMMUNITY BUG BITES

India is a lucrative market for Big Pharma, who keep adding to the category of optional vaccines – those that are not part of the government's immunisation programme. But is the availability of these vaccines making it easier for parents to pick and choose the right one for their child? www.businesstoday.in/ immunity-bug-bites

CASE STUDIES

Read cases of corporate successes and failures analysed in detail and lessons drawn. Plus, commentaries from experts. Cases include **Ashok Leyland, MRTS Chennai, Ponni Sugars and Maruti Suzuki.** www.businesstoday.in/casestudy

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Focus

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Look Beyond the Family

Asian family businesses have to separate governance and management responsibilities, argues Kavil Ramachandran.

ILLUSTRATIONS BY ALANKAR

Ratan Tata's decision to have a successor in place is significant in many ways. Unlike most other heads of business families who often eternally postpone their time for "redefining" their role in business ("retirement" is a wrong and unpleasant word for people with an active mind), he has set 2012 as the deadline for a change in leadership. Such a decision is tough, particularly when there is nobody waiting with a similar or better profile from within the family.

In a society where genealogical seniority is still considered the measuring rod of wisdom, handing over the power and responsibility for selecting one's successor to a committee is not easy. There is every chance that the powerful committee may come out with a name that is against the preference of the incumbent. It appears that Tata has been mulling over the options for quite some time, without any clear picture emerging. The current decision is still very good

even if it was in some ways forced upon him by destiny.

This decision is remarkable for many reasons. One, he has publicly committed his responsibility to hand over the reins of this unique institution to someone worth holding the leadership position. Two, he did not want to be biased by his personal preferences. Three, nobody can blame him for selecting or not selecting a particular individual who fulfils some, and not all, the criteria. Four, he is setting new standards for other business families to emulate.

It is high time that promoters realised that the mere fact of being born into a specific family does not automatically make them capable of managing their business successfully. There are instances where family businesses have chosen outsiders to lead and it has proved to be the right decision. The Murugappa Group and Dabur have chosen outsiders to lead. Internationally, there are examples of Disney and Ford that have gone beyond the family and taken outside intervention in decisions relating to finding a successor.

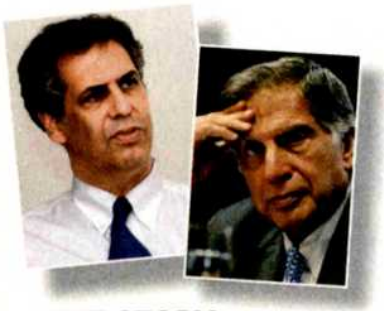
The choice of a leader for the Tatas is not going to be easy. It is an Indian global company that needs someone with strong Tata values nurtured in the Indian context, but with a sharp business mind to maintain competitiveness in the global context. While Noel Tata is a strong contender, it is for the selection committee to assess his capabilities to take the group into the next phase of its life. Given that both Ratan and JRD, the two immediate leaders, have proven to be legendary, the new leader has to come with proven credentials. Naturally, the search has to be global and objective. Here I'd like to give the example of Dr Reddy's Laboratories as a classic case of successful professionalisation, including at the board level, that enabled not only Anji Reddy to move out of operations completely but also facilitated the building of a non-family team.

The selection committee has to not only choose the ideal successor but also ensure that there is adequate time for the person to settle down before Ratan Tata moves out. The transition will take at least one year during which time the successor should have the time to chart out the next phase. The committee has to start defining the parameters and shortlisting names soon. Unlike the GE experience, the process should not create competitive rivalry within the group. This is only possible if the process is transparent, and the shortlisted candidates have the future prosperity of the group as topmost priority in their minds.

The message for Asian family business is very clear. While looking for business leadership, families have to separate governance and management responsibilities, concentrate their energies on governance responsibilities, and look for best talents from within or outside for management responsibilities. They should not lose sight of the goal of institutionalising their families as well as businesses. This is one sure way of preventing the curse of failure of family businesses.

(See *The Reclusive Brand* on page 140)

The author is Thomas Schmidheiny Chair Professor of Family Business and Wealth Management at the Indian School of Business, Hyderabad



THE STORY SO FAR...

- Ratan Tata says he will step down as Chairman of the $70-billion Tata Group in December 2012
- Floats the possibility of an expatriate taking over, given the group's expanding global operations
- The group appoints a five-member committee to appoint the successor
- The committee will scour for talent within and outside the group before taking a call
- Ratan Tata's half-brother Noel seen as the front runner

WORDSMITH

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Origin: The word gained popularity during the dotcom bust of 2000-01, when America

Man in the Hot Seat

In a rare interview, Cabinet Secretary K.M. CHANDRASEKHAR spoke to *BT*'s PUJA MEHRA on making ministries accountable, e-governance initiatives and the Commonwealth Games. Excerpts:

On making ministries accountable

We have just completed a three-month pilot on a monitoring and evaluation system of performance of ministries. The framework for making these assessments will settle over time and even be integrated with that used by the Planning Commission. The ministries (and states such as Maharashtra and Punjab, too) are working on measuring the changes in standards of living of the people for factoring into this exercise.

On corruption charges against Telecom Minister A. Raja and reports that the PM had cleared the way new 2G licences were allocated

A concerned PM had summoned the minister after receiving complaints on 2G spectrum allocation. When a minister briefs the PM on a policy decision, the latter's silence can't be interpreted as a go-ahead. Let's wait now for the outcome of the probes by various agencies.

On missing e-governance targets

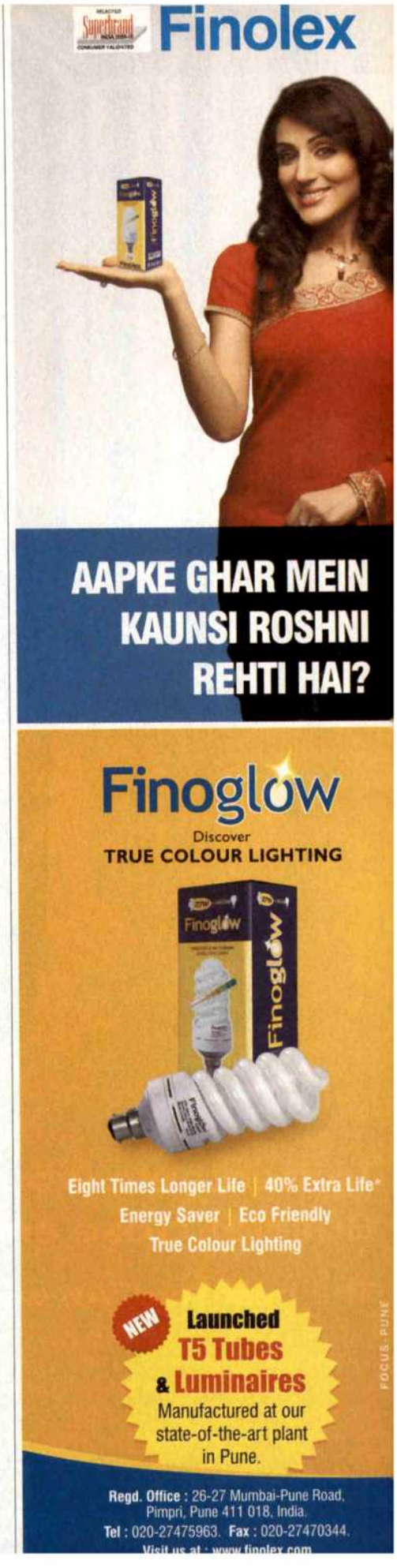
Broadband penetration is not progressing fast enough, and I feel we have not gone about e-governance on the war-footing it will take. The Cabinet Secretariat will be completely paperless by April 1, 2011, when 95 per cent of our files would have been moved on to e-filing. I recently reviewed the progress on various projects and targets for e-governance with Nandan Nilekani and Sam Pitroda, and asked them for help in evolving a strategy for creating a common platform for all ministries and state governments.

On preparations for the Commonwealth Games

My responsibility is to oversee the progress on getting the basic infrastructure up and running in time for the Games. I have been touring the worksites, and I am sure it will be. The engineers and construction contractors are comfortable about meeting the deadline.

companies sacked employees by thousands. Employees would use the office photocopier to make copies of their resumé.

Current usage: Don't wait for the increments next year. Just get your son's school projects to office and use your Xerox subsidy.



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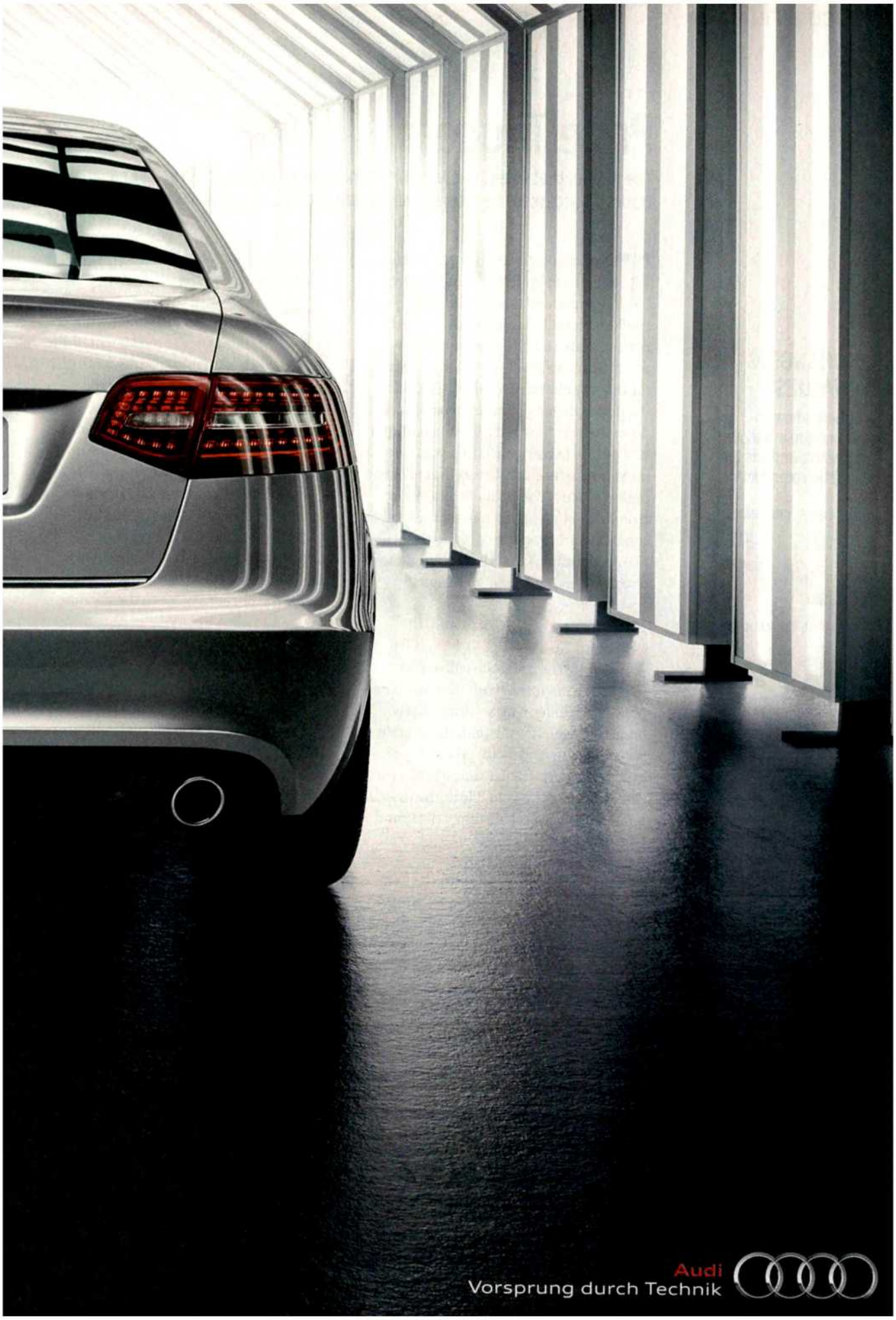
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Price Triggers

The factors that affect the price or premium of an option are crucial to a trader's success in the futures and options market. BY SAMEER BHARDWAJ

CHANGING VALUES

Here's how an increase in various factors impacts the option premium*

*While analysing the increased effect of a factor on option value, other factors are assumed to be constant
#For American options
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The prices of stocks and options are influenced by demand and supply pressures and fluctuate at each trading interval. As an option contract is derived from a stock (or index), all factors affecting the value of its underlying stock (or index) influence its value. Also, since the distinguishing features of options are dependent on their built-in right (call/put) and nature (American/European), one must understand the factors that affect an option's value. The estimate of a fair or true value of an option plays a vital role in exploiting arbitrage, hedging and speculative opportunities. Let's look at the factors directly affecting an option's value.

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Time to Expiration:

The longer the period before expiry, the higher the value of call and put options, and vice versa. This is because the option with more days left for expiry has a higher probability of finishing in the money (ITM). There is a greater chance for the underlying security's price move to be favourable. Such a relationship works for American options, but is undefined or indeterminate for European options.

Volatility:

It implies uncertainty in the movement of the underlying security. Both put and call options demand higher premium when volatility is high. This is because uncertainty forces option sellers to ask for a higher risk premium to grant the exercise right to buyers. However, call and put option buyers are willing to pay more as the chances of prices moving in any direction are high. As the risk is limited to the amount of premium, buyers of both call and put expect the prices to move in their favour.

Risk-free Rate:

If one assumes the risk-free rate will rise independently of the underlying security's price, it will increase the value of a call option and decrease the value of a put option. This is because the increased risk-free rate reduces the present value of expected future benefits, which is beneficial for call option buyers, but not for put option buyers. Mostly, interest rates and stock prices do not move independently, and the rise in interest rates reduces stock prices, and vice versa. This reduces the value of a call and increases that of a put. The relationship reverses if the movement of interest Rates and stock prices is inter-related.

Future Dividends:

Dividends reduce the price of a stock on the payout date, which benefits put buyers and is detrimental to call buyers. If dividends are anticipated, the value of a call option is affected negatively, and that of a put option, positively.

Courtesy: *Money Today*

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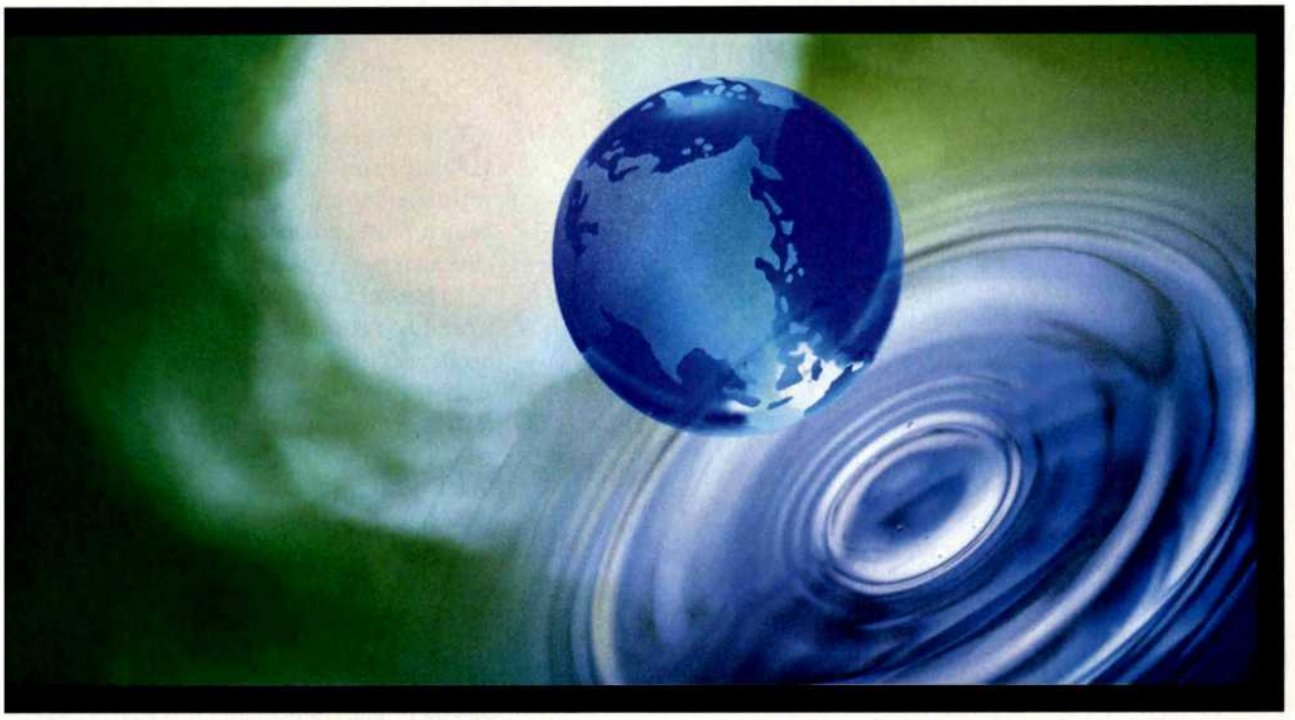

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We check out a tiny Android device from SonyEricsson and Samsung's mint-fresh camera

Web Site

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Tumblr.com

Tumblr is a cross between a full-blown blog and a micro-blog. While Twitter and other social networking sites limit posts to 140 characters or less, Tumblr gives you the flexibility to post updates of any length. It has built-in formats for a variety of content types, which gives it an edge over other blogging and micro-blogging platforms. There are templates for text, photos, videos, audio, quotes, links and chat transcripts. The Tumblr application programming interface allows a host of third-party apps to connect with the site. About a dozen iPhone apps and as many Web services can be used with Tumblr. What's more, you can set up Tumblr to automatically post on your Twitter or Facebook account as well.

Money's Worth

Xperia X10 Mini Pro

- Small size easily fits in to your pocket, looks cute, slide-out keyboard makes it easy to use
- Small size means a smaller screen and battery. Runs old version of Google Android.

Price: Rs 17,995

SonyEricsson's first few Xperia mobile handset models were, for lack of another word, middling. Even the Xperia X10, launched with much fanfare and featuring a glorious screen, came up short simply because it did not support multi-touch and used the older 1.6 (Donut) build of Google's Android operating system. Surprisingly, SonyEricsson has retained the operating system in the new X10 Mini Pro (and its sibling, the X10 Mini, which is similar minus a keyboard). But, thanks to its small size as well as the slide-out keyboard, the X10 Mini Pro does win on the style front. The screen is tiny, at 2.55 inches diagonally, and using the touch screen other than for basic scrolling is difficult. In fact, the tiny screen does cripple some applications from the Android marketplace. The size also means a small battery. But the phone is nice to hold, looks cute and the keyboard is rather easy to use. -KUSHAN MITRA

Packing a Punch

Samsung NX10

The Samsung NX10 is a new type of camera altogether because it does away with the mirror system of DSLR cameras while continuing to use the same APS-C sensor as in consumer-grade DSLRs. By removing the mirror system, Samsung has made the body of the camera incredibly thin and similar to cameras using the 'Four-Thirds' sensor system such as the Panasonic Lumix G1. There are a huge number of settings and features that you can play with on the camera. And, if you even shoot in full-auto mode, the device takes great images. The lack of a mirror system means that you cannot see the image you are shooting on the viewfinder, but Samsung overcomes that with a live view straight from the sensor. This is the best Samsung camera in the market today. Only Canon and Nikon make cheaper consumer-grade DSLR cameras. -KM

- Very small body, great picture quality, several photo modes, 720p video recording
- Expensive, small choice of lenses

Price: Rs 42,990 (with 18-55mm lens)

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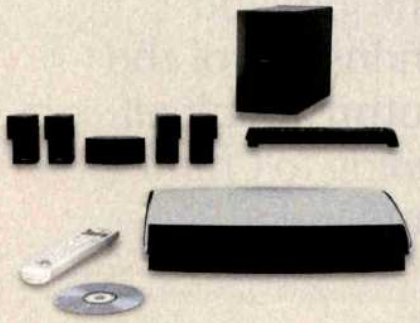

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In the Spotlight

ALANKAR

NAINA LAL KIDWAI

Calling the Shots

HSBC's Country Head and Padma Shri winner Naina Lal Kidwai, 53, joins the illustrious list of Indian professionals rising to the top in global corporations. Barely a month after ICICI Venture Funds Management Chairman Lalita D. Gupte was invited to join the board of French infrastructure giant Alstom, HSBC has inducted Kidwai into its Asia-Pacific board. Kidwai, who had prior stints with PwC, Morgan Stanley and ANZ Grindlays, has been with the global bank for the last eight years.

India is already the fastest-growing market for HSBC, but rival Citibank remains the largest foreign bank in India. Says HSBC Chief Executive Michael Geoghegan: "Naina's appointment is a reflection of the growing importance of India in our emerging markets strategy."

ANAND ADHIKARI

Well Said

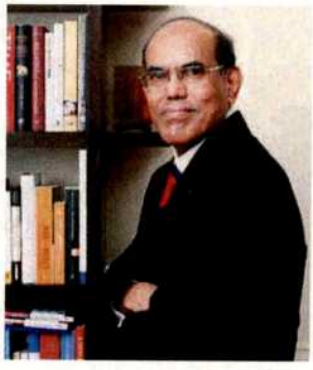
A new economic plan is focused on (ensuring that) the jobs and industries of the future aren't all going to China and India.

Barack Obama, *President of the United States, on his new economic plan, to wire agencies*

AFP

Inflation in India is notoriously subject to supply shocks, which are normally beyond the pale of monetary policy, diluting our potential effectiveness as inflation targeters.

D. Subbarao, *RBI Governor, on the inherent constraints of monetary policy in combating inflation, to wire agencies*



NISHIKANT GAMRE

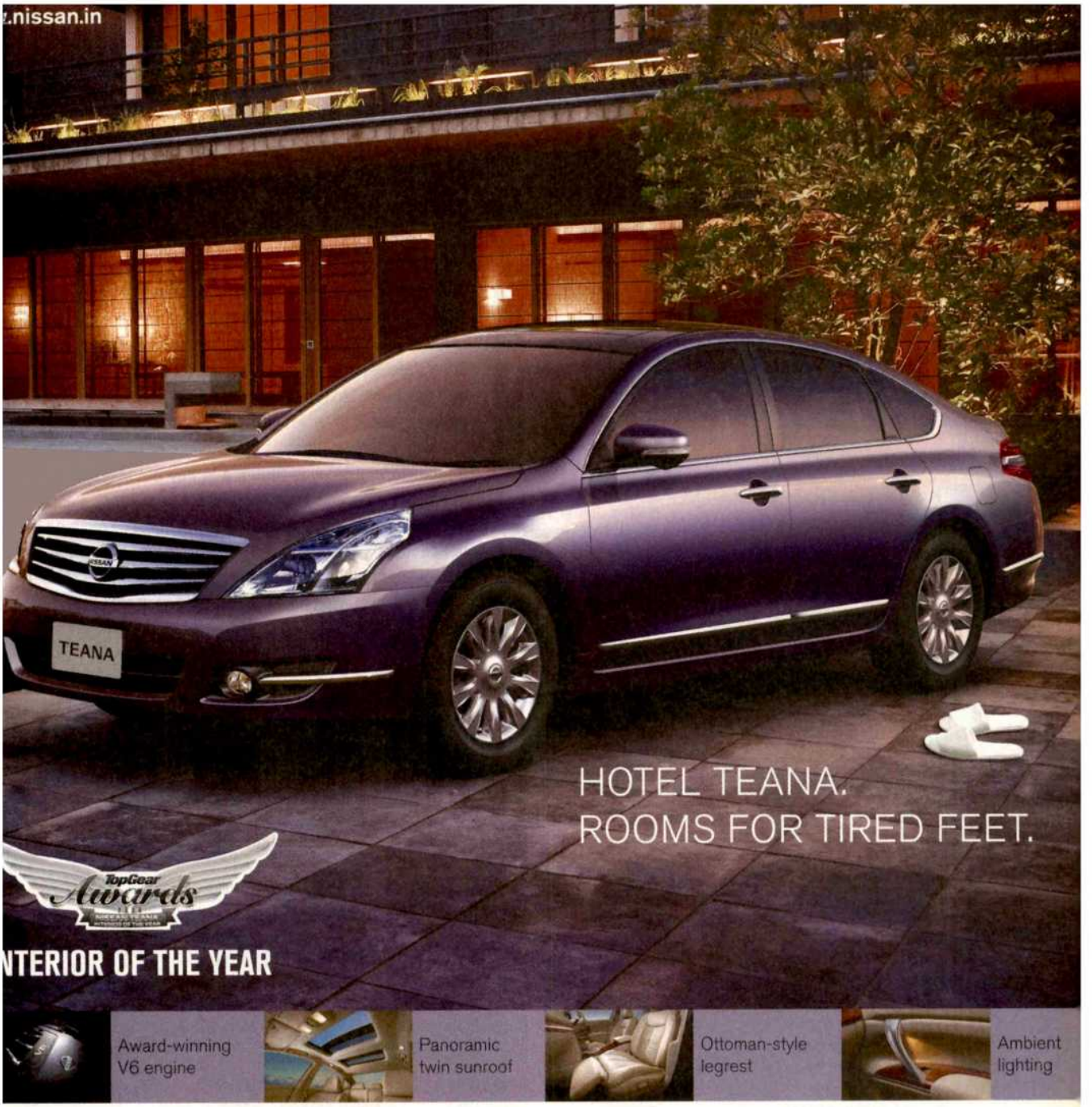
Society has never had any grudges about paying people or having people become rich in the process of creating value for society.

Nitin Nohria, *Dean, Harvard Business School, on why executive salaries should not be regulated, in* Mint

CLASSIC BUSINESS QUOTE

The best executive picks good men to do what he wants done, and has self-restraint to keep from meddling while they do it.

Theodore Roosevelt, *26th President of the United States*



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Will the new takeover code adversely impact M&As in the country?

Results of BT Online poll; No. of respondents: 193

The majority of respondents feels that the radical changes mooted by the SEBI committee in the draft takeover code will slow down mergers and acquisitions (M&A) activity.

It does appear that the new code will work in favour of the big companies. Now, a potential acquirer will have to make an open offer for the entire stake once it gets hold of a 25 per cent stake. This rule will benefit the small investors, who will now be able to sell all their shares rather than just some.

If you have strong opinions on the new draft code, you can e-mail your suggestions to the market regulator at trac@sebi.gov.in by August 31, 2010. The entire report is available on the SEBI web site and open for public comments.

Next poll question:

Has the Commonwealth Games become a white elephant for taxpayers?

www.businesstoday.in to cast your vote

BT-ERNST & YOUNG

Deal Watch

BIGGEST DEALS IN THE PAST 30 DAYS*

Sajjan Jindal of JSW Steel: Gaining access to Japanese technology

JFE Steel Corp of Japan has acquired a 15 per cent stake in JSW Steel for approximately Rs 4,801 crore, making it the largest foreign direct investment (FDI) in the metals sector in India. This deal gives JSW Steel not only access to JFE Steel's technologically superior production processes but also much-needed funds that it may use to reduce its debt as well as meet its working capital and capex needs.

Meanwhile, Dabur India has announced the acquisition of Hobi Kozmetik Group (Hobi), a Turkey-based leading personal care products company, for Rs 326 crore. Dabur's overseas subsidiary, Dabur International, has taken a 100 per cent stake in three Hobi Group firms. The acquisition is expected to help Dabur expand its presence in West Asia and North Africa and also add popular international brands to its portfolio. This is Dabur's first overseas acquisition.

TARGET	ACQUIRER	INDUSTRY	TYPE	DEAL VALUE (Rs crore)	STAKE (%)
JSW Steel	JFE Steel (Japan)	Metals and mining	Investment	4,801	15
IDFC	Khazanah Nasional (Malaysia)	Financial services	Private equity	840	10.7
Panchshil's hospitality divn.	The Xander Group (US)	Real estate and hospitality	Private equity	520	NA
Indo Asian Fusegear	Legrand France	Industrial products	Acquisition	495	NA
Hobi Kozmetik, Zeki Plastik, Ra Pazarlama	Dabur India	Retail and consumer products	Acquisition	326	100
REI Agro	Blackstone Group (US)	Retail and consumer products	Private equity	300	15
Bhilwara Energy	FE Clean Energy (US) and IFC	Infrastructure	Private equity	230	10.8
Everonn Education	SKIL Infrastructure	Education	Investment	208	21
Muthoot Finance	Baring Private Equity Partners	Financial services	Private equity	157	NA
Haldia Coke & Chemicals	Gaja Capital Partners	Chemicals	Private equity	125	NA
NTL Electronics India	CX Partners	Industrial products	Private equity	120	NA

Ernst & Young is a leading M&A advisor in India. The data is based on media reports and company announcements. Any decision on the basis of this information should be taken only after professional advice. *Business Today* or E&Y do not undertake any responsibility with regard to any such decision. * As on August 2, 2010 Not a complete list.

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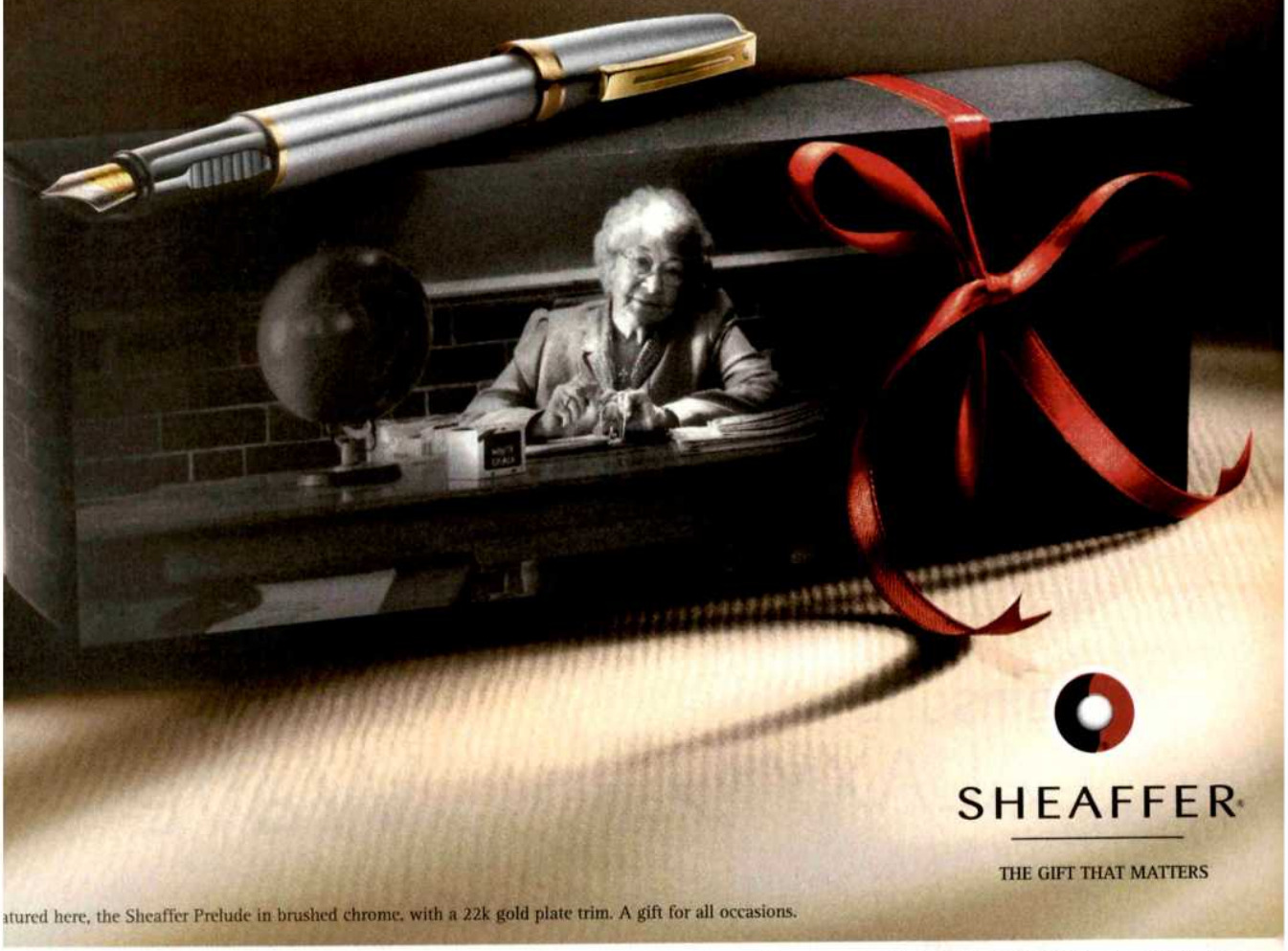

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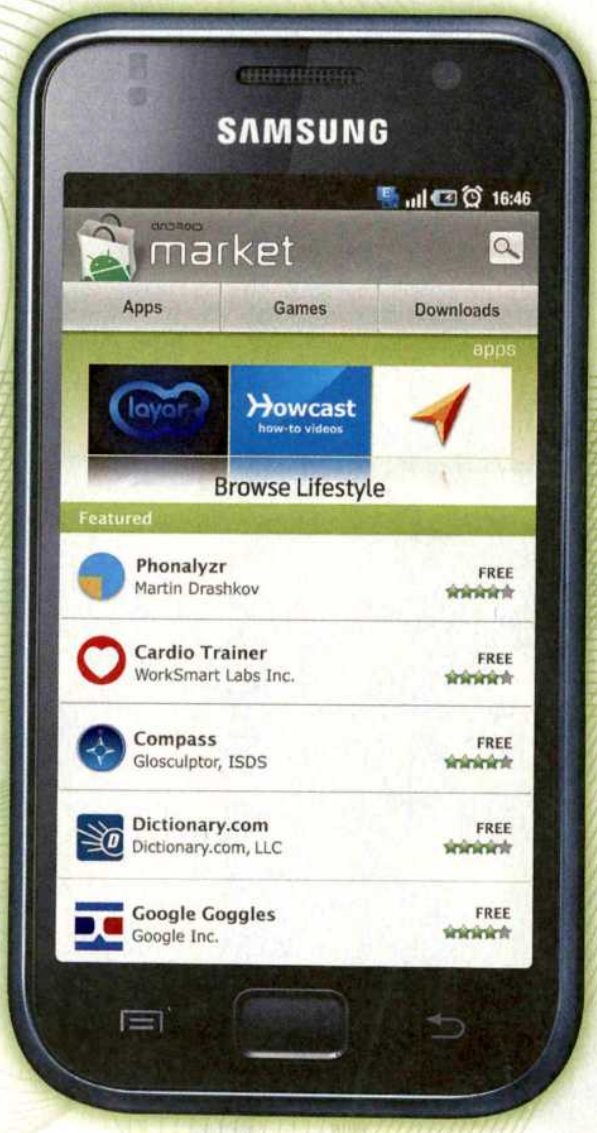
THE REVOLUTION BEGIN



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BT-TAM

Most-watched Ads in July 2010

Hindustan Unilever Ltd has launched a hard-nosed promotional campaign for its water purifier brand, Pureit Marvella. No surprises, then, that the brand has muscled its way to the top 10 in our list. The FMCG giant is gunning for a significant share of the water purifier market, now dominated by Eureka Forbes. Selling consumer appliances is certainly not its core competency, but HUL hopes to break fresh ground with its high voltage campaign.

The **Top Five...**

1 **DETTOL TOILET SOAP** GRPs: 971 Seconds on air: 361,635

2 Cadbury's 5 star
GRPs: 923
Seconds on air: 405,100

3 Parachute Advansed
GRPs: 872
Seconds on air: 300,010

4 Dove Hair Fall Therapy System
GRPs: 820
Seconds on air: 324,285

5 Vodafone Cellular Phone Service
GRPs: 812
Seconds on air: 303,445

... And the **Other Twenty**

RANK/BRAND		GRPs
6	Jaypee Cement	808
7	Complan	693
8	Colgate Dental Cream	692
9	Fair & Lovely Max Fairness	685
10	Pureit Marvella	644
11	Axe Deodorant	638
12	Surf Excel	626
13	Nokia 2690	617
14	Clinic Plus Strong & Long	588
15	Cadbury's Dairy Milk Chocolate	559
16	Rin (New Flavour)	550
17	Comfort Fabric Conditioner	543
18	Act II Microwave Popcorn	529
19	Colgate Max Fresh Gel	528
20	Sunsilk Damage Repair System	521
21	Tide Plus	520
22	Colgate Total Clean Mint	516
23	Pureit Water Purifiers	509
24	Fair & Lovely Multivitamin	506
25	Huggies Care	505

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NUMBERS OF NOTE

AVIATION

$130 BN
The value of the 1,150 commercial aircraft that India is likely to order by 2030, according to aircraft manufacturer Boeing.

30
The number of Boeing aircraft that low cost carrier SpiceJet has ordered. The aircraft will be delivered between 2014 and 2019.

375
The number of aircraft for which an 'in principle' approval for import has been given by the Indian government up to 2025.

39.1%
The domestic traffic growth for Jet Airways, India's largest private airline, in the last quarter, during which it reported a profit of Rs 3.5 crore.

18,000 CR
Air India's working capital debt. The national carrier hopes to break even by 2014, according to a new restructuring plan.

A NEW PERSPECTIVE BEGINS HERE...

New Delhi

Jaipur

Mumbai

Pune

Ahmedabad

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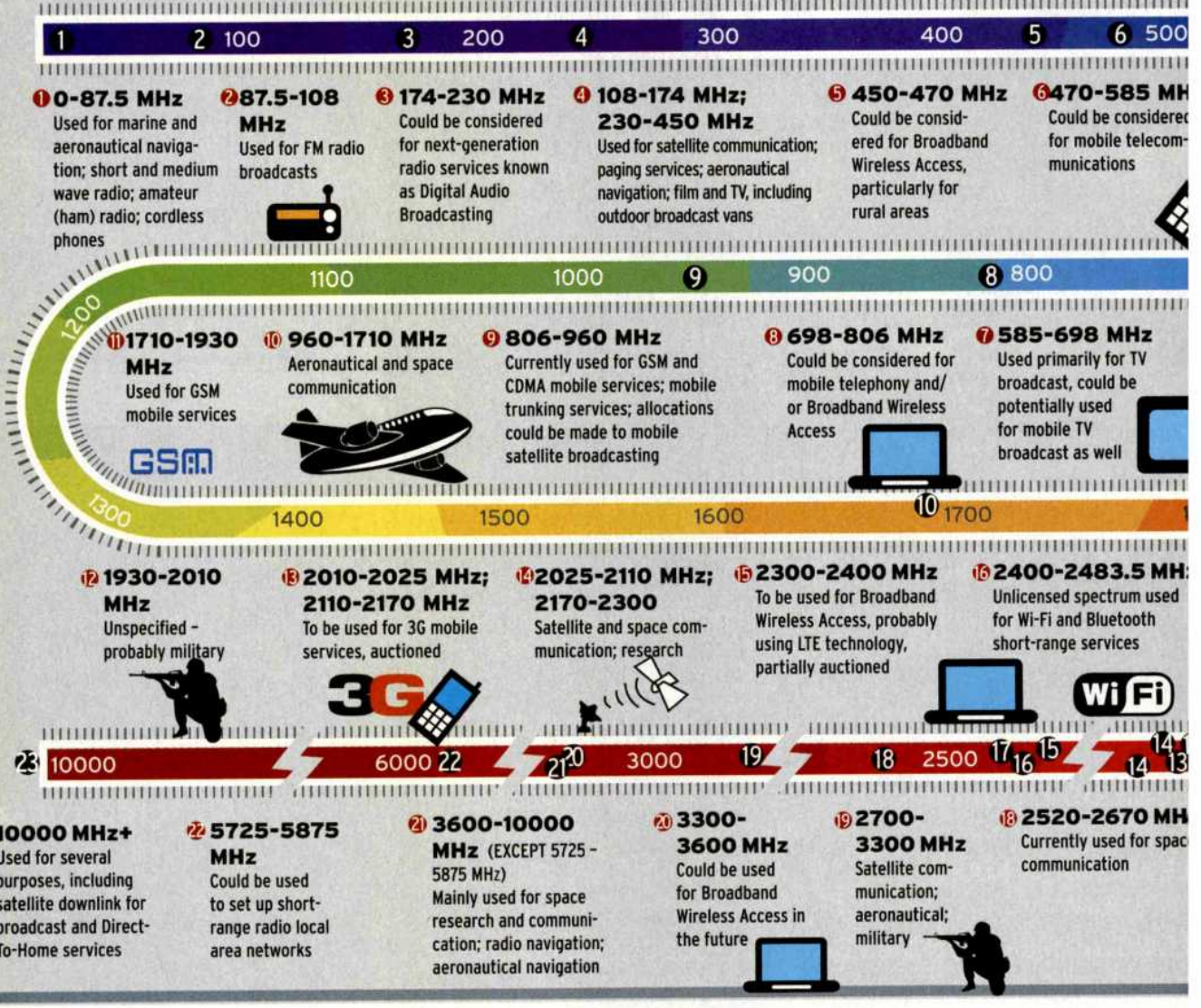
The Indian Spectrum Squeeze

The airwaves used by mobile phone operators are among the most crowded in the world. A look at the spread of spectrum across various users, where the logjam is and where the wireless frequency needs of mobile phone firms could be accommodated.

India's National Frequency Allocation Plan



5 STEPS TO HERE

SPICEJET'S SPREADING WINGS

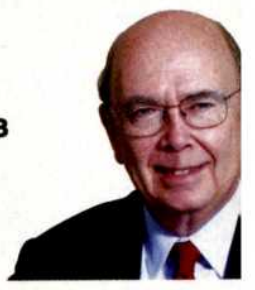
1

May 2005
London-based Bhupendra Kansagra and Ajay Singh launch SpiceJet as a low cost airline. Starts off with Rs 99 fares for the first 99 days

spicejet
flying for everyone

2

July 2008
Billionaire Wilbur Ross invests $80 million in SpiceJet

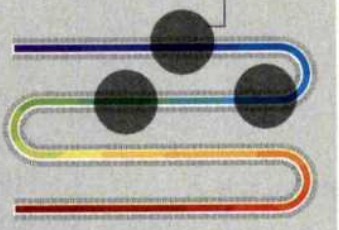


Highly crowded bands

In Delhi, nine operators have been allotted over

86.1 MHz

of mobile spectrum using both GSM and CDMA tech



June 2010

The mobile telecom circle of Delhi (which includes the satellite cities of Gurgaon, Faridabad, Noida and Ghaziabad) had a mobile population of

31.05 million

One Megahertz serves 360,000 mobile connections

In United Kingdom around

250 MHz

of spectrum over 2G and 3G systems has been given to operators

The city of London has an estimated

10-11 million

mobile connections. The UK unlike India does not have 'mobile circles'

One Megahertz serves 40,000-50,000 subscribers in London

In effect, nine Indian mobile phone consumers make do with spectrum available to one UK phone user, explaining the poor call quality here

ALANKAR

BT Retro

BT, August 7, 1996

Can Dabur Digest Foods?

THEN: Will foods serve up the growth that the Rs 578-crore Dabur is seeking? Having commissioned management consultants A.F. Ferguson & Co. to restructure the 112-year-old family-owned business, and suggest new growth opportunities, Dabur is moving aggressively into foods business. The target: a growth rate of over 25 per cent per annum. Says G.C. Burman, 54, Managing Director, Dabur, whose family holds a 79.80 per cent stake in the company that went public only three years ago: "Our traditional businesses won't bring us that kind of growth."

Now, Dabur is cooking up a series of joint ventures (JVs): In April 1994, the Burmans formed a 49:51 JV — General De Confiteria India (GDCI) — with the $1-billion Agrolimen of Spain to enter the Rs 100-crore chewing- and bubble-gum market. And, according to Dabur, sales of its Boomer gum topped 220 million units in 1995-96.

Simultaneously, Dabur's second foods JV — a Rs 10-crore 50:50 venture with the $2-billion Bongrain SA of France, which sells speciality cheeses branded Caprice des Dieux — will enter the 7,500-tonnes per annum cheese market to compete against market leaders like Amul.

NOW: Dabur, like other FMCG giants PepsiCo and ITC, saw the potential in the food business early. Dabur Foods over the years has focused on the fruit juice market and it has paid off. Its brands of juices, Real and Activ, make it the market leader. Of its turnover of Rs 3,300 crore in 2009-10, foods contributed about Rs 400 crore.

3

May 2010

SpiceJet reports its first annual profit of Rs 61 crore

4

June 2010

Media baron Kalanithi Maran buys 37.7 per cent of SpiceJet for about Rs 750 crore

5

July 2010

SpiceJet places order for 30 Boeing aircraft worth $2.7 billion; deliveries to take place between 2014 and 2018. SpiceJet today has 21 Boeing aircraft

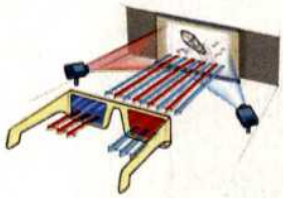
T.V. MAHALINGAM

How Things Work

3D Glasses

Here's how the colour filter glasses that ushers hand out at movie halls create the 3D illusion for you.

Binocular Vision
We use what's called 'binocular vision' to perceive depth and see the world in three dimensions, or 3D. That's possible because our eyes are spaced roughly three inches apart, which makes each eye see things just a bit differently. The brain mashes these two views together and computes depth.



Red and Blue
The glasses have a differently coloured filter for each eye. The colour differentiation allows only one of the images to enter each eye, and the brain does the rest.

The New Way
The IMAX 3D theatres hand out polarizing 3D glasses which have two lenses with their directions adjusted at 90 degrees apart. The polarized glasses create a three-dimensional illusion by narrowing the margin of light that enters the eye and projecting two images at the same time into the same area.

COMPILED BY T.V. MAHALINGAM

Just Wondering

Missing MROs

Back in the heady days of 2006-07, India was supposed to be not just the low cost aviation capital of the world, thanks to throwaway airfares being offered by the likes of Deccan Aviation, but also a promising maintenance, repair and overhaul (MRO) hub. With new players such as SpiceJet and Kingfisher stacking up orders for new aircraft, market watchers believed that MRO outfits would mushroom across the country. After all, 15 per cent of an airline's operating cost goes towards maintenance. Both Airbus and Boeing had announced plans to set up MROs in the country. The recession that followed saw most airline companies cancelling orders or delaying taking deliveries. Last heard, the Boeing MRO won't be up and running before the end of the year and the Airbus MRO is still only on paper.

ILLUSTRATIONS BY ALANKAR

Quirky

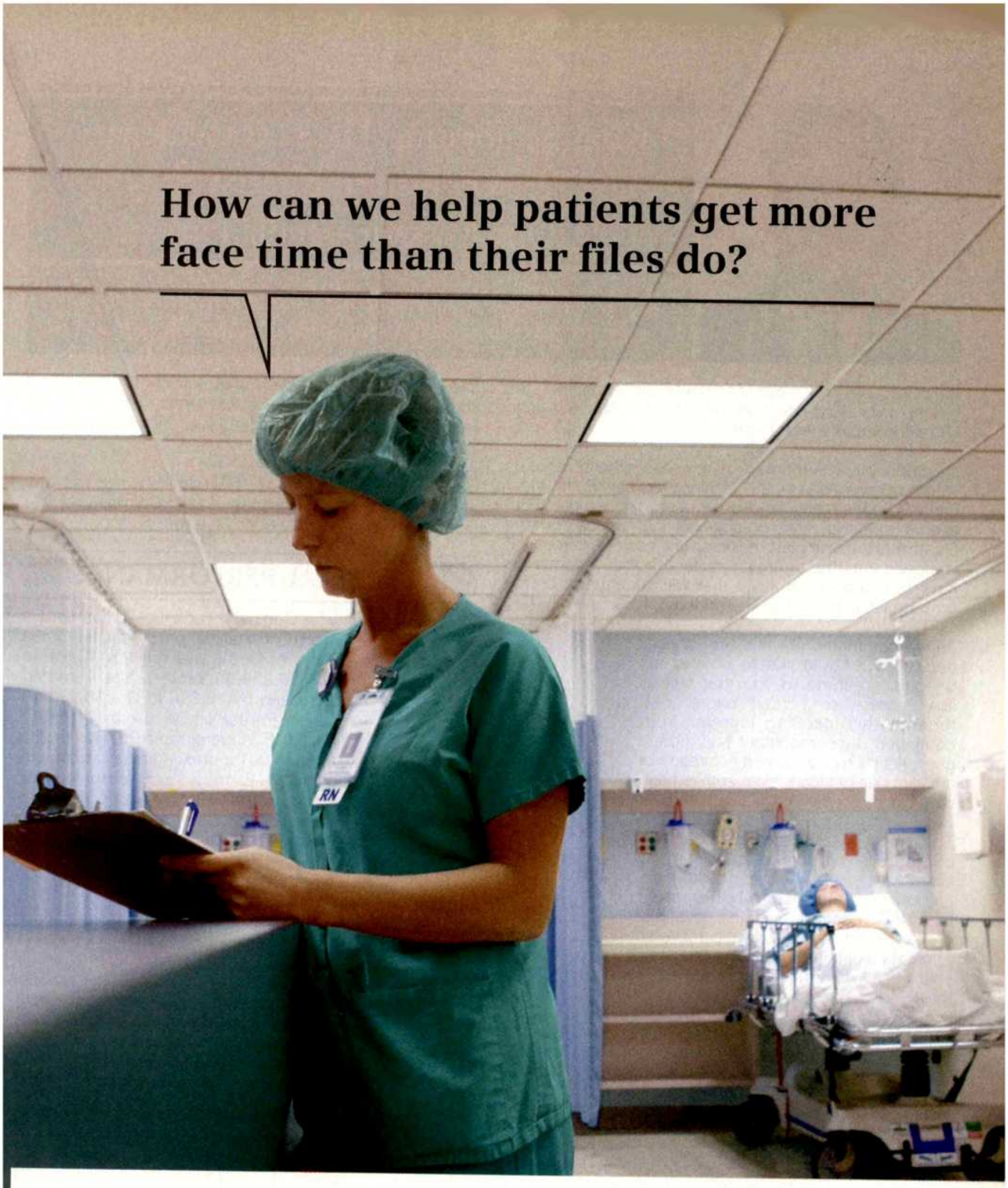
Amma's Health Advice

Even for a state where political parties dole out bicycles, colour televisions and dirt cheap rice to curry favour with the voting public, the latest controversy in Tamil Nadu is likely to raise more than a few bushy eyebrows. Former Chief Minister J. Jayalalithaa has alleged that at a medical camp held in her constituency, Andipatti, attendees were served hot cups of Horlicks, which had been stolen from a warehouse in Madurai. And, not surprisingly, Amma, as Jayalalithaa is known in her state, pointed an unwavering finger at Union Minister M. Alagiri and his party, the DMK, for the pilferage. Wonder what the makers of Horlicks, GlaxoSmithKline Consumer Healthcare, which has been selling the drink in India for close to a century, have to say about the latest controversy. Any publicity is good publicity? Or, is it a case where they would rather do without Amma's touch?

Snoot Corner

A Costly Taste

If you thought Evian was synonymous with premium bottled water, it's time to exert your grey cells again. American luxury bottled water company Bling H_2O's produce costs upwards of $25 (Rs 1,150) a bottle. It promises 'more than a pretty taste' and is bottled from the natural springs of Dandridge, Tennessee. There are no additional nutrients or vitamins, but Bling H_2O claims that its water has gone through a nine-step purification process. And the bottle itself is studded with shimmering Swarovski crystals, which partly explains the hefty price tag. As if that was not enough, Bling H_2O has introduced a limited edition series of bottled water called the 'Dubai collection' which has 10,000 hand-applied crystals on the surface of the bottle. The price tag: $2,600 (Rs 119,600) for a bottle of water. Exousia Luxury Water, another luxury bottled water brand, claims to sell water with anti-ageing, anti-stress properties, infused with 24- carat gold, for just $24,000 (Rs 1,104,000) a bottle.



Siemens Integrated Healthcare solutions help hospitals improve reaction time and focus on patient care.

Hospitals perform best when they can concentrate on what's important – their patients. Siemens health information systems provide access to electronic health records, helping hospitals eliminate paperwork, reduce human error, cut costs and support faster care overall. It's just one aspect of Siemens solutions for Integrated Healthcare. Because wherever there are tough healthcare questions, we're answering them.

www.siemens.com

SIEMENS

Commemorating The ITC Centenary 100 Inspiring Years: One Mission – India First

Speech by Mr. Y. C. Deveshwar, Chairman, ITC Limited at the 99th Annual General Meeting, 23rd July 2010

We meet today on the eve of a momentous landmark in the history of your Company. **On the 24th of August this year, ITC will complete a 100 years.**

It is undoubtedly a moment of immense pride for all of us who have been part of this inspiring journey. Pride, most certainly, in the many achievements of your Company. But even more so, a sense of fulfillment that comes from the creation of an exemplary Indian private sector enterprise. **It is indeed a matter of great satisfaction that together we have built a national asset that will continue to create growing value for all our shared tomorrows.**

As we commemorate this very special occasion, I would like to convey my deepest gratitude to you, our valued shareholders, for your faith and support through this inspiring journey. Your continued encouragement has indeed given shape to our shared aspiration of creating one of India's most admired and valuable corporations.

This journey of excellence is undoubtedly a tribute to your Company's many stakeholders – consumers, customers, partners and associates – who have stood by your Company through this voyage of challenge and change, as we persevered to create a national institution. May I, on your behalf, take this opportunity to convey my grateful thanks to all of them.

ITC's centennial journey is an acknowledgement of the untiring efforts of successive generations of employees who have dedicatedly served your Company over the last 100 years. Their determination to forge ahead despite the many challenges, their loyalty to the organisation and commitment to its values together with the visionary leadership provided by many have shaped the ITC of today, leaving an inspiring example for tomorrow. On behalf of the Board of Directors and you, our valued shareholders, I would like to convey my sincere appreciation to the larger ITC family of employees who have contributed with all their might over the years.

This deeply symbolic moment in the life of the organisation is certainly a time to celebrate. So, let me turn to celebrations with the shareholders first. **In commemoration of this historic milestone, your Board of Directors have recommended a Centenary issue of Bonus shares in the ratio of 1:1. In addition, your Board has also proposed a Dividend, including a special Centenary Dividend, of Rs. 10/- per share for the year ending 31st March, 2010.** These recommendations acknowledge your sustained support and reaffirm the enterprise strength of your Company as it commences its journey into the next century with confidence. I am sure these resolutions will find your enthusiastic support when they are put to vote.

Before I proceed further, I would like to first present to you, as is customary, the highlights of your Company's Triple Bottom Line performance during the year gone by.

FINANCIAL PERFORMANCE

In its 100th year, your Company continues its impressive record of financial performance. Gross Turnover for the year grew by **13.5% to Rs. 26,259.60 crores.** Net Turnover increased by **16.3% to Rs. 18,153.19 crores.** Pre-tax profits rose by **24.7% to Rs. 6,015.31 crores** while **Post-tax profits at Rs. 4,061 crores registered a growth of 24.4%.** Earnings Per Share for the year stands at Rs. 10.73. Cash flows from Operations stood at an **all time high of Rs. 6,620 crores** for the year.

As in the past, and in keeping with the spirit of accountability, I also present to you the cumulative performance of your Company during my watch as Chairman since 1996.

(Figures in Rs. Crores)

ITC : Financial Highlights 1996-2010*

	March 31st, 1996	March 31st, 2010
Gross Income	5,188	26,863
Profit After Tax	261	4,061
Return on Net Assets (%)	28	41
Net Assets Employed	1,886	14,957
Net Worth	1,121	14,064
Market Capitalisation	5,571	1,14,000*
CAGR in Total Shareholder Returns in the period	1996-2010 :	24.3%

**As at 19th July 2010*

In 1996, ITC had a Gross Income of Rs. 5,188 crores. In the last decade and a half, Gross Income has risen to Rs. 26,863 crores. Profit After Tax has increased from a level of Rs. 261 crores to Rs. 4,061 crores. In terms of Market Capitalisation, your Company was valued at Rs. 5,571 crores in 1996. This valuation now stands at Rs. 1,14,000 crores. Profitability, in terms of Return on

Net Assets Employed – calculated as Profit Before Interest and Tax over Net Assets employed -- improved substantially from 28.4% to 41% during this period. Total Shareholder Returns, measured in terms of increase in market capitalisation and dividends, grew at a compound rate of 24.3% in this period.

The strategic choices made over the years, the relentless effort of ITC's dedicated human capital, the support of its shareholders and the trust of millions of consumers and its partners have imparted to ITC this financial strength and placed it amongst the foremost in the country in terms of efficiency of servicing financial capital.

ENVIRONMENTAL AND SOCIAL PERFORMANCE

I have in the past drawn your attention to the outstanding performance of your Company in creating new benchmarks in the area of environmental and social responsibility. The accomplishments continue with your Company achieving the status of being **'water positive'** for the **8th consecutive year, 'carbon positive'** for the **5th year in succession** and also **'solid waste recycling positive'** for **3 years in a row.** You will draw justifiable pride in the fact that your Company is the **only enterprise in the world** of its size to have achieved and sustained these three global environmental distinctions.

Adding yet another feather to the cap has been the **Platinum LEED rating** achieved by your Company's iconic hotel **ITC Royal Gardenia** in Bengaluru for its leadership in green energy & environmental design. This follows a similar rating achieved by the **ITC Green Centre in Gurgaon.** Your Company's endeavour to continuously enhance its positive carbon footprint has also powered a progressive shift to renewable energy sources. It is a matter of pride that **nearly 31% of energy consumed** by your Company today is from **clean and renewable sources** such as wind power. This magnitude of renewable energy consumption is praiseworthy given the large

manufacturing base of your Company. **ITC's low carbon growth strategy also places it in the forefront of corporations that contribute to the goals of the National Action Plan on Climate Change.**

This stellar environmental performance is matched by your Company's initiatives to build social capital through extensive community engagement, specially in India's rural areas. These initiatives have led to the creation of sustainable livelihood opportunities for over **5 million people,** many of whom represent the poorest sections of our society. ITC's deep commitment to pursue a Triple Bottom Line strategy has earned it global and national recognition for the leadership it provides in responsible and sustainable business practices.

I would now like to take this opportunity of the Centenary year to reflect on the journey travelled so far, recall your Company's achievements, take stock of its readiness for the future and share with you a glimpse of the hopes and aspirations for the journey ahead into your Company's next century.

THE JOURNEY SO FAR

ITC's travel through the decades has been an inspiring saga of challenge and change. The story began way back in 1910 when the British owned Imperial Tobacco Company was registered in 'Calcutta' with a small office in Radhabazar Lane, with one expatriate manager and one acquired cigarette manufacturing facility in Munger. Since then ITC has traversed through a long and rewarding journey of Indianisation and diversification towards a transformational change from a single product company to one of India's largest multi-business corporate enterprises. This spectacular transformation is manifest not only in the range, scale and scope of its businesses but also in the large contribution it has made to the Indian society through multi-dimensional efforts in creating societal capital.

Your Company is today the leading FMCG marketeer in India, the clear market leader in the Indian Paperboard and Packaging industry, the second largest Hotel chain and a leader in establishing new benchmarks in Responsible Luxury, as well as the country's foremost Agri-business player pioneering rural transformation through its path-breaking e-Choupal initiative. In addition, its wholly owned subsidiary is one of India's fastest growing Information Technology companies in the mid-tier segment constituting a growth driver of the future. Even more significantly, ITC is acknowledged as a global exemplar in sustainable business practices infusing your Company with a unique source of competitive advantage as it marches into the future.

Today, in its 100th year :

- ITC is present in a range of business sectors such as FMCG, Paper, Paperboards & Packaging, Hotels, and Agri-business. In the FMCG space, this includes segments such as Cigarettes, Branded Foods with categories such as Biscuits, Atta (wheat flour), Spices, Snack Food, Confectionery, and Ready-to-Eat products; Personal Care Products that include a portfolio of shampoos, soaps, shower gels, fragrances and creams; Lifestyle Apparel and Accessories; Education & Stationery products; Incense Sticks and Safety Matches. This wide range will further stand expanded over time.
- Your Company's portfolio of products and services is represented by over **50 energetic Brands** in a range of more than **650 Stock Keeping Units (SKUs).**
- ITC's products are today available in over **6 million retail outlets** in the country. Your Company's formidable Distribution organisation directly services more than **2 million of these retail outlets.**
- ITC's factories, hotels, R & D facilities, lifestyle retail outlets, e-Choupals, integrated rural service hubs and offices, taken together, are present in over **6500 locations** in the country.
- Your Company's world-class manufacturing assets comprise **18 owned factories** spread across the country. More than **195 outsourced factories** also manufacture your Company's products.
- Your Company's hotel chain comprises 4 brands, namely, ITC Hotels, WelcomHotels, Fortune Hotels and WelcomHeritage Hotels. Together these represent nearly a **100 hotels in over 80 locations** spread across the country.

- ITC's supplementary education initiative has reached out to over **2,00,000 school children in rural areas.**
- ITC's Animal Husbandry services reach out to nearly **4,00,000 milch animals.**
- Your Company's value chains support over **5 million livelihoods.**

This rich repertoire of businesses, brands and social investments has created assets in all sectors of the Indian economy, namely, agriculture, industry and services. In line with the larger national priorities, your Company has consciously invested in relatively backward areas and engaged deeply with rural India to create value for the underprivileged communities.

- ITC's businesses export products to over **90 countries across the world.**
- The Company's wholly owned subsidiary, ITC Infotech, runs operations in the **4 continents of North America, Europe, Africa and Asia.**
- The ITC Group's dedicated human resource team is over **26,000 strong.**
- Your Company's e-Choupals benefit over **4 million farmers in nearly 40,000 villages.**
- ITC's Social and Farm Forestry initiatives have greened more than **1,00,000 hectares** and created over **46 million person days of employment** potential. This helps in **sequestering twice the amount of carbon emitted from the Company's operations,** contributing to its 'carbon positive' status.
- Your Company's watershed programmes irrigate **over 50,000 hectares.** Nearly **3000 water structures** have been established across several States. The **water harvesting potential created is 3 times your Company's consumption of water,** making it a 'water-positive' enterprise by far.
- Your Company has helped create more than **20,000 rural women entrepreneurs.**

ITC's transformation is also evident in the pace of its growth over the years. In the first 50 years of its existence, ITC's Gross Income had touched Rs. 37 crores with a Profit After Tax of less than Rs. 1.5 crores. At the time of your Company's Platinum Jubilee in 1985, Gross Income had risen to Rs. 812 crores with Profit After Tax at Rs. 8 crores. Since then, its Gross Income has multiplied to Rs. 26,863 crores, and Profit After Tax to Rs. 4,061 crores.

SHAPING THE ITC OF TOMORROW

As your Company steps into its next century, the critical question to ask ourselves is : **"Is ITC future-ready?"** It is **my belief that the answer to this question is an emphatic "yes".** Over many years, your Company has assiduously architected a winning combination of organisational hardware and software to serve as a source of sustainable competitive advantage. **ITC's portfolio of businesses based on proven core competencies, world-class human capital, strategic**

assets such as power brands, trade marketing & distribution infrastructure, deep linkages in rural India, its strong balance sheet, the R & D infrastructure, and the unique amalgam of its super-ordinate Vision, enduring Values and competitive Vitality constitute a robust and formidable foundation that lend abiding strength to deal effectively with the challenges and opportunities of tomorrow.

Let me briefly elucidate some of the key features which together impart unique strengths to your Company.

VISION, VALUES AND VITALITY

The most critical factor in the longevity of an organisation in my opinion is its internal vitality, namely the capacity to remain relevant and contemporary, its ability to anticipate and proactively manage change and its agility to continuously reinvent and reinvigorate itself. ITC's sustained ranking among India's top private sector corporations across decades is testimony to your Company's organisational vitality. **This Vitality is manifest in ITC in many ways --- in its deepening consumer insight, its ability to rapidly absorb knowledge and harness technology, its breakthrough innovations in products and processes, the widening bandwidth of its distributed leadership and its resilient adaptiveness to continuously leverage market opportunities. Together these constitute an ever-strengthening competitive capability.**

It is also manifest in ITC's robust strategy of organisation, its climate of professionalism and its time-tested caring culture providing a unique framework to win in the market place and also simultaneously make a growing contribution beyond the market. It is my belief that ITC has successfully integrated **Vision, Values** and **Vitality** in a distinctive blend that has significantly enhanced its potential for wealth creation not only for the shareholders but also for the larger society. The compelling Vision of enlarging its contribution to the Indian society has been a source of inspiration for ITC in this long and fulfilling journey. ITC's core Values are embedded in its philosophy of trusteeship and the related belief that enterprises exist to serve society and that shareholder value creation is a reward for such larger societal value creation. An unwavering commitment to integrity, ethical conduct, meritocracy, team work and an abiding concern for stakeholders are at the heart of ITC's core Values. **ITC's Vision provides the overarching inspiration; its Values serve to guide thought and action; and its Vitality enables excellence in strategy formulation and execution. Together, they form the core inner strength of the organisation from which future generations of employees will continue to draw strength and sustenance to create growing value for all its stakeholders.**

GOVERNANCE STRUCTURE

ITC's strategic thrust is founded on its ability to continuously invest in existing and new capabilities. As a result, one of

ITC's most important assets today is its pool of diverse core competencies residing in its various businesses. Accordingly, its governance structure has been designed to manage diversity, enabling it to pursue new avenues of growth without diluting focus on its existing lines of business. The decentralised structure, with distributed leadership, enables the executive management of each of its businesses to relentlessly pursue the task of attaining international competitiveness by focusing on honing its unique skills, unencumbered by the other priorities of ITC. On the other hand, the senior team at the apex is engaged in the strategic supervision and management of the Company as a whole, free from involvement in the day-to-day functioning of the business divisions. This structure enables the top management to assume the character of a holding company with the mindset of a venture capitalist, mentoring existing businesses and creating newer avenues for growth by blending skills and capabilities drawn from different parts of the ITC Group. **Over time, these blended capabilities will, in turn, spawn newer competencies which will impart a force multiplier to your Company's future growth potential.**

ITC's defining internal strengths, on which I have spoken at length, will not only sustain the current momentum, but also propel the Company into a higher trajectory of growth in the future. The future value of some of these strengths, in my view, is much greater than what may be visible today. This is so because they provide ITC the capability to address some of the emerging paradigms of competitiveness. I had spoken on some of these aspects in my address to you last year. I deem it important to highlight once again some of these features that will, in future, redefine the context of conducting business and in turn call for a paradigm shift in corporate thought and action.

GEARED FOR NEW PARADIGMS OF COMPETITIVENESS

A century of rapid growth in the world economy has created material wealth of significant proportions. Unfortunately, it did so with a huge cost to society. The economic model pursued by the world for decades could not ensure development with equity and paid scant attention to the replenishment of natural capital. As a result, the future progress of mankind is today severely threatened by the challenges posed by increasing income inequities, widespread poverty and the alarming degradation of the environment. This is aggravated further by the phenomenon of global warming and climate change, which impacts the poorer sections even more. On the one hand, wide income disparities have caused mass discontent, making societies vulnerable to social unrest. On the other, the depletion of scarce environmental resources not only threaten the planet's living systems but also impose limits on future economic growth. Business indeed cannot prosper when stability of the Society itself is threatened.

Growing civil society awareness, consumer response and tougher regulations will compel organisations to adopt more sustainable business practices in the future. Businesses will no longer be able to confine themselves to the narrow goal of enhancing shareholder value with little or no attention to social and environmental challenges. **It is my firm conviction that future competitiveness of firms and therefore their profitability will crucially depend on the ability of the enterprises to make Sustainability an integral part of their value proposition.** The society will increasingly look to business to meet the challenges of global warming and poverty alleviation through the creation of sustainable livelihoods.

You, our valued shareholders, can draw assurance from the fact that your Company is future-ready on this dimension as well. Over many years, your Company has progressively positioned itself to respond to these new paradigms of competitiveness. ITC's response has been uniquely fashioned by embedding larger societal goals in its various business models. Some of the most celebrated examples are: **ITC's e-Choupal** network which is contributing to increasing rural incomes by providing wide ranging support services to the farming community; **ITC's Farm and Social Forestry** Programmes which create sustainable livelihoods among marginal farmers and poor tribals; ITC's adoption of **environment friendly technologies,** increasing use of **renewable sources of energy, recycling processes** and creation of **water harvesting structures,** all of which have combined to make ITC carbon positive, water positive and waste recycling positive. This conscious strategy adopted by your Company to attain a leadership position in sustainable business practices has prepared ITC to decisively meet the challenges that will arise from tomorrow's paradigms of competitiveness.

BUSINESSES FOR TOMORROW

This brings me to the third component of ITC's future readiness which relates to the composition of its business portfolio. Your Company is today positioned in the frontline of some of the most promising businesses of tomorrow. With rising incomes, a favourable demographic dividend, reduction in poverty, and a transforming rural India, your Company is well poised to serve the growing aspirations of consumers with globally benchmarked products and services.

The **Fast Moving Consumer Goods** sector in India, in which your Company is a major player, is expected to triple in size to over Rs. 3,55,000 crores by 2018. Foods, Personal Care, Education & Scholastic products, Apparel and Lifestyle products, Tobacco and others dominate this space. Your Company's investments in FMCG are targeted to serve these growing markets. I can sight an investment opportunity for ITC of upto Rs. 8,000 crores over the next 7 to 10 years to drive growth in this sector.

India's consumption of **Paper, Paperboards & Packaging** is one of the lowest in the world. Per capita consumption is around 5 kilograms per person per year compared to nearly 300 kgs in US, 200 kgs in UK, and 45 kgs in China. With the spread of education and economic growth, demand is expected to grow manifold. Your Company has invested significantly in enhancing its capacity in this business and today takes pride in not only being a leader in this category but an exemplar in environmental performance as well. In this sector also, I can sight an investment opportunity of upto Rs. 6,000 crores to secure growth for your Company.

ITC's **Hotels** are at the vanguard of service excellence and are an embodiment of **"Responsible Luxury".** As is well known, India is grossly under-roomed. International arrivals in India are only 5 million a year, compared to around 80 million in France, 58 million in the United States and 55 million in China. At conservative estimates, India needs 50,000 rooms in the next 2 to 3 years. This sector too carries an investment opportunity for ITC of upto Rs. 9,000 crores in the next 7 to 10 years to fuel its growth. New properties are already being constructed in Chennai and Kolkata and plans are afoot in several other locations. ITC's hotels have redefined hospitality concepts of luxury, cuisine and service. It is your Company's aspiration to support India's tourism landscape by offering world-class hotels to both international and domestic guests. These hotels will also be exemplars in green design and environmental excellence.

Your Company's **Agri-business**, with its deep rural linkages is well poised as a supply chain partner to create value for ITC's Foods and Tobacco businesses. Its large presence in rural India, with the unique e-Choupal infrastructure, will be progressively leveraged to widen your Company's FMCG distribution network.

Your Company's fast growing **Information Technology** subsidiary is founded on a strong base of domain knowledge derived from ITC's multiple businesses. It has demonstrated its ability to hold its own in an extremely competitive global context on the strength of superior customer care it brings to its clients. It will continue to add significant value to ITC's businesses by enabling them to leverage Information Technology as a source of superior competitive advantage.

R & D : GAME CHANGERS OF TOMORROW

Innovation is the elixir of growth in a competitive global business environment. **Your Company recognises that cutting edge R & D can foster breakthrough innovation and create powerful sources of sustainable competitive advantage.** This vision has led to the establishment of a state-of-the-art R & D Centre at Bengaluru. Over 50 world-class scientists are already working at the Centre. Recognising the unique construct of ITC in terms of its strong presence in agriculture, food and personal care businesses, a convergence of R & D capabilities is being leveraged to deliver future products aimed at nutrition, health and well-being. As ITC moves into the future, its R & D programme will create new game changing business opportunities.

This brief recap of ITC's strengths and its preparedness for leveraging market opportunities should reaffirm your confidence that your Company is well poised for creating even greater value in the years to come.

CONCLUSION : ITC – A NATIONAL ASSET

ITC is deeply rooted in India's soil. All of us who have had the privilege of serving ITC are inspired by the worthy cause of nurturing ITC's Indian soul and its commitment to create ever-growing value for the Indian society. Your Company's professional employees are dedicated to this super-ordinate goal. It is also this vision that is manifest in the unique business models crafted by your Company to create livelihood opportunities for millions of people, many of whom represent the poorest sections of our society.

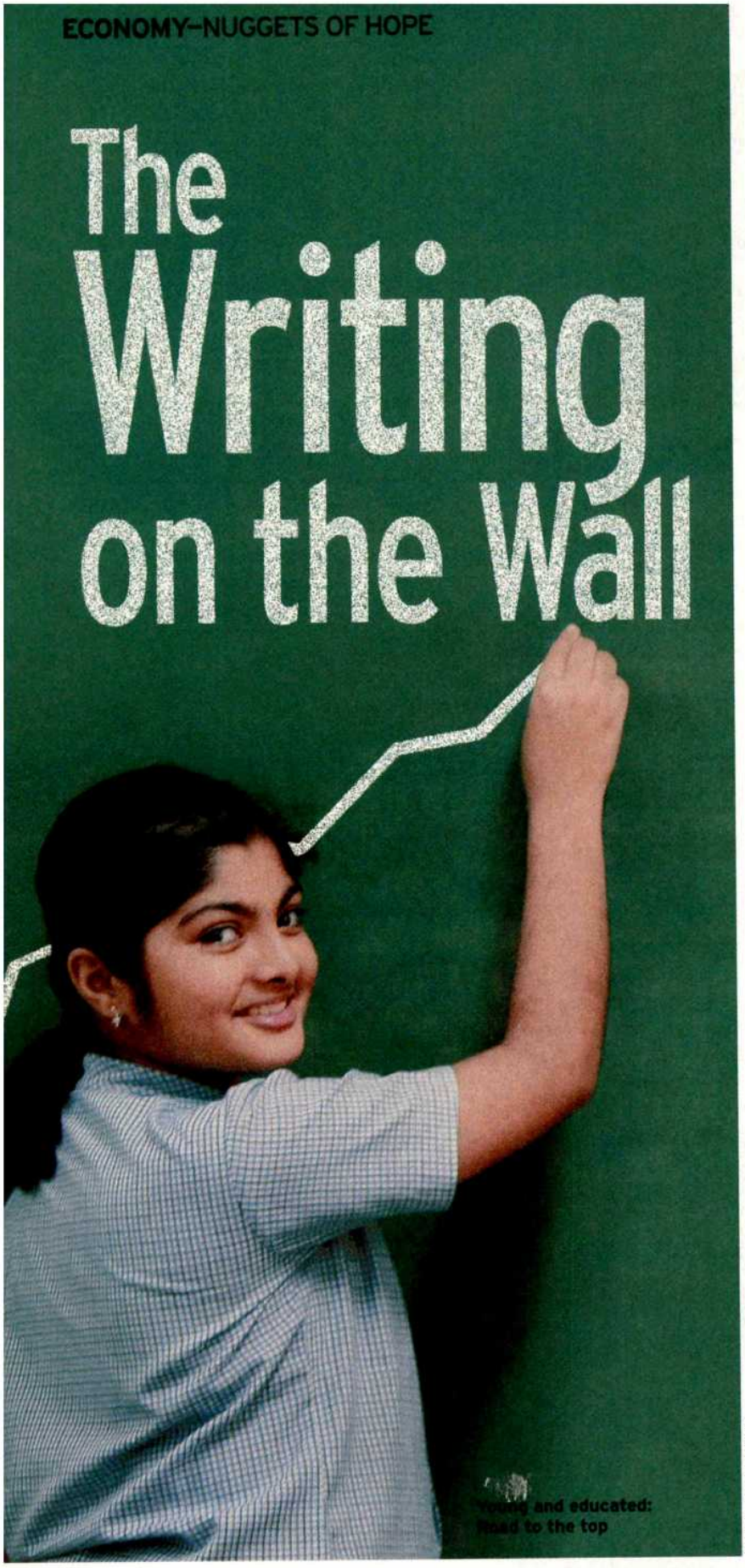
Personally for me, it is an honour to be at the helm at this defining moment in ITC's history. I deem it a special privilege.

On the occasion of ITC's centenary, let us collectively wish this valuable and admired institution of India many more decades of success and even greater achievements. May it continue to inspire future generations of dedicated professionals to create value for all its stakeholders, meet societal expectations and contribute to nation building.

As I conclude, may I once again thank you, our valued shareholders, for your unstinted support in this shared journey. I, on behalf of the board and the employees of your Company, will look to you as always for your continued support and encouragement.

This is the complete text of Chairman Y. C. Deveshwar's speech. The 'video on demand' of the speech can be viewed at www.itcportal.com. For a booklet of the speech, please write to the Corporate Communications Department, ITC Limited, Virginia House, 37 J. L. Nehru Road, Kolkata 700 071 or e-mail to ccd@itc.in

The Writing on the Wall



Young and educated: Road to the top

SUVASHIS MULLICK

Education becomes the bridge to a higher class, as high-income households outnumber poor ones. BY SHAMNI PANDE

Sumit Patil barely has the time to think of any parallels as he shuttles long-distance from his village, Tara in Maharashtra's Raigad district, to Nerul in Mumbai every day. He hardly minds the journey of 50 km to his new office in the big city, where he has been recruited to sell SIM cards for Uninor, a new player in the telecom services market.

But, in many ways, 20-year-old Patil reflects the changing face of the country as it shifts gears from being a largely agriculture-dependent nation that has more poor and aspiring classes than the rich. Not too long ago, Patil's grandparents worked as farm hands, but life took a slightly different turn when his father was recruited as a messenger in a local school.

That opened the doors not just to a new source of income but offered the Patil family a peep into what could be — and how life could change with education. "I studied till class 12, but then I was fascinated with gadgets — especially computers and mobiles," he says. It is almost as if the gods heard him, because the government sponsored a basic computer course for those living below the poverty line.

As a result, Patil got to lay his hands on a computer for the first time around two years ago. "Then I heard from my village friends that NIS was seeking to recruit local youth for jobs, and I volunteered and have been placed in a profession that deals

BY RAJESH SHUKLA DIRECTOR/NCAER-CMCR

Rural Dreams, Urban Reality

The Indian economy has been on a roll for the past few years and what a party it has been! The nine per cent GDP growth rate has become a vital number flaunted by even those who are totally clueless about issues of the economy. So what does this growth mean for the Indian consumer economy? Let's take a look at some of these issues:

The big differences between rural and urban India when it comes to household income patterns are a pointer to how things will unfold as urbanisation increases. Urban households earn around 85 per cent more than rural ones, spend 75 per cent more and save twice as much as rural households. Much of this can be the explained by the higher education levels of the chief earners of urban households.

Rural India accounts for 70 per cent of India's population, 56 per cent of national income, 64 per cent of total expenditure and a third of total savings. No longer are rural economies purely agricultural: agriculture's share has dropped from 74 per cent in 1970 and 41 per cent in 1993 to 40 per cent in 2007-08. And big chunks of salaried and non-agricultural self-employed households are located in rural areas.

As the disposable income of a household grows, the focus of its spending widens from basic needs and food to durables, health and education and investments. The urban-rural disparity is reflected in the ownership profile of most consumer durables.

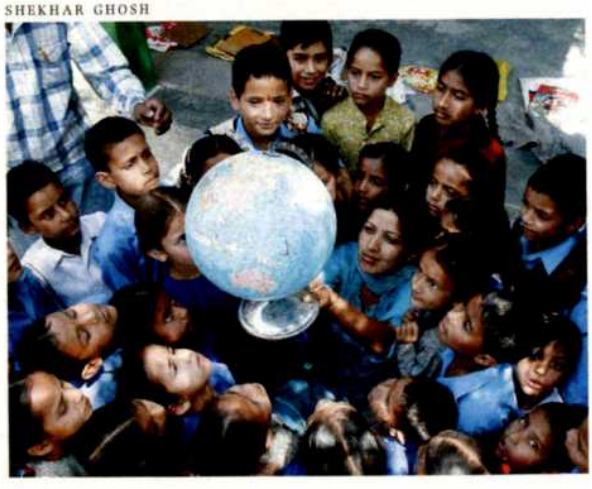
The gap between the highest and lowest-income households is huge. Nearly 70 per cent of the bottom quintile households reside in low-income states and 90 per cent of these households are in rural areas. On the other hand, half of all top quintile households also live in rural India. Nearly 60 per cent of the top quintile households are occupied in clerical, sales, service-oriented or professional and administrative jobs. In contrast, nearly 70 per cent of the bottom quintile households are engaged in farming activities. Consumer product ownership is skewed heavily towards the top income quintile groups.

Urban India will add 379 million people — or more than the current population of the United States — over the next 40 years, with over half of India living in towns and cities.

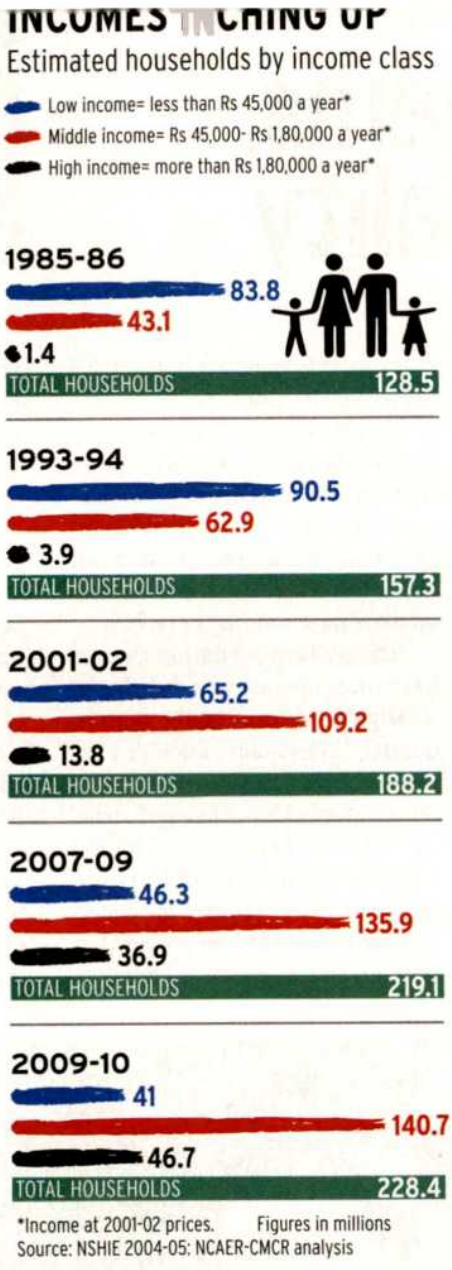
Urban residents are the most educated. Around 51 per cent of households in the top 20 cities have at least one graduate in a household, against just 15 per cent in the villages. So nearly half of those employed in the top 20 cities tend to have salaried jobs against just 10 per cent in the villages. The government cannot simply ignore urban development.

The evolving demographic profile in favour of a younger population suggests that the growth prospects of the Indian economy remain strong, provided their potential is used effectively. With appropriate policy measures from the government and a fitting corporate response, there is no stopping the Indian growth story. ⊙

SHEKHAR GHOSH



Urban residents are the most educated: around 51% of households in the top cities have at least one graduate



with things that I am interested in," he says.

In India, market research often tends to miss out on such nuances by going for the basic data — data that is thinly stretched over a highly varied people and geography. This is where *How India Earns, Spends and Saves: Unmasking the Real India*, written by Rajesh Shukla, Director, NCAER-Centre for Macro Consumer Research (CMCR) becomes relevant.

Shukla's book is not an entirely novel effort, as it draws inspiration from the similarly titled 2007 report by Max New York Life and NCAER. But it is unique in the way it captures the nuances, exploring the factors that determine a household's income and so its earning and spending patterns in today's world.

The first big alert is the way in which it nails how pure-play agriculture is no longer a heavyweight in the Indian economy. Out of India's 205.6 million households, 82.3 million are self-employed — in farming, fishing, hunting and allied activities. Then, 45.6 million households are involved in production related work or jobs pertaining to transportation.

According to the book, these two household segments have an average annual income of Rs 48,000 each while households engaged in sales-related work number 25.9 million and have an average annual income Rs 86,409. But the top earning segment comprising 5.9 million households is employed in administrative, executive and managerial jobs with an average annual income of Rs 169,317.

Education and technical or vocational training are clearly the key to growth. Though the impact, as Shukla points out, is felt only when this is combined with opportunity, as it is in Patil's case. Patil and his family don't know about data and nuances, but they are enjoying the results. "My father was so convinced about what education can do for progress that he too studied for his 12th exam and cleared it two years ago," says Patil. His father had to leave school in class V to support his family. Now, Patil's younger brother wants to be a graduate. "He is more academically inclined," says Patil.

The good news is that, for the first time, the number of high income households was projected to exceed the number of poor in 2009-10. At the same time, over five million middle-income households will move into the high income bracket.

So, all the growth cues are in place. But most of us think in terms of certainties, and the book works on an estimate of 8.7 per cent growth up to 2015 at 2004-05 prices.

"In reality, most consumers are financially vulnerable. A quarter of them have loans outstanding. In case of a major drop in income, there is lack of sufficient savings to sustain them for a year," points out Rama Bijapurkar, Chairperson, NCAER-CMCR.

Yet, the book points out that more than half the Indian households (54 per cent) are confident about their current and future stability. "Inflation? Yes, but now I am working hard and wish to own a car soon," says Patil.⊙

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Hello, Tomorrow!

Will 3G and wireless broadband services change India like mobile phones did over the past decade? The answer, the telecom ecosystem tells us, is yes.

BY KUSHAN MITRA, MANU KAUSHIK and RAHUL SACHITANAND

Meerut is not a city used to attention from large businesses. Sure, it is home to a little over a million people and has grown by being host to one of the largest Army cantonments in India. But the Uttar Pradesh conurbation has never had any of the gold-dust that glosses Noida or even Ghaziabad — both neighbouring rich New Delhi.

Until yesterday, that is. Today, for India's barrelling telecom companies, the intersect of 29° 01' north of the equator and 77° 45' east of Greenwich is ground zero. If Meerut represents the big cusp of change ahead for them, city resident Himanshu Puri is the face of that coming revolution. A senior manager at a local construction firm, Puri, 24, is on the road six or seven days a month and stays in touch with his friends through Facebook updating his status once an hour, or more often, and posting pictures taken on his Nokia N97 phone.

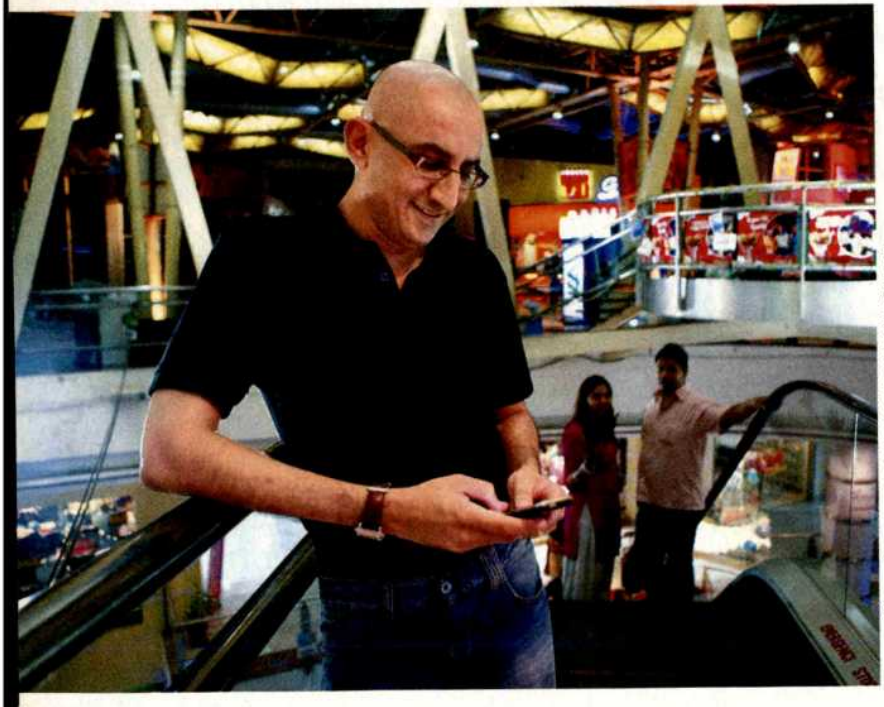
Nagapattinam / P Sathiaraj (in red vest), 22

Fisherman Sathiaraj checks his mobile phone for co-ordinates of a fish shoal five km into the Bay of Bengal. Information alerts could save Indian farmers and fisherfolk Rs 600 crore in 2015. And, boost income

"I have over 100 friends on Facebook and almost 60 of those friends interact only through their mobile phones," says the MBA from Meerut's Choudhury Charan Singh University. Puri often runs through the popular Rs 98 monthly Internet surfing recharge with a 2 gigabytes (GB, a measure of data used) cap from Bharti Airtel, India's biggest mobile services firm, and has to top up twice. At Rs 300 a month, his spending on data is 30 per cent — or more than three times the national average — of his monthly Rs 1,000 mobile phone bill.

Customers like Puri and places like Meerut — the city is among the top five consuming locations in India of services like text or SMS messages, caller tunes and ring back tones and mobile Internet — present hope to companies such as Bharti Airtel, Vodafone Essar and Idea Cellular. They are among eleven firms that have spent an unprecedented Rs 1 trillion, about two times the national income of a country like Afghanistan, in buying spectrum and licences for data-heavy third generation mobile phone services, better known as 3G, and broadband wireless access (BWA) offerings.

On the face of it, that amount makes for a poor investment. To recover that money and another Rs 2.5 trillion needed to set up 3G and BWA networks — assuming Indian phone firms quickly get 200 million customers signing up and have them spend an average of Rs 100 a month on data alone (both very ambitious targets) — the industry will have to wait for 14 years and six months, back-of-the-napkin calculations show. Profits come later, if any. To put that in perspective, the average monthly mobile phone bill of an Indian today is Rs 120.



MONEY SHARMA/www.indiatodayimages.com

Mohammad Imthiaz, Founder and CEO, Y2CF Digital Media
Location information on social networks helps people discover deals, eat-outs, tell friends where they are

A Billion Datum Needs

Still, hey, this is India. A market that nobody a decade ago would have predicted to be home to more than 600 million mobile phone connections, second only to China. Just like cellphones were not about mobility in India but access to a phone service, 3G and BWA services promise millions and millions of Indians their first high-speed Internet and data experience. And, just as mobile phones fed into the huge latent demand for the metaphorical dial tone, high-speed data capability on the move could feed into a big unmet need for entertainment and information — all customised and personal-

H.K. RAJASHEKAR/www.indiatodayimages.com

ised on handhelds and other devices.

India today has fewer than nine million wireline broadband connections measured by the government's definition of 'anything above 256 kbps speed is broadband'. In the developed world, it is a 2 mbps throughput that is set as a threshold for such connections — by which yardstick India counts under 200,000 truly broadband connections. That low number spells a big opportunity for 3G networks, which promise speeds of up to 14 mbps. "The weakness of wireline broadband will be the single biggest factor to the success of 3G and BWA," says Samaresh Parida, Head of

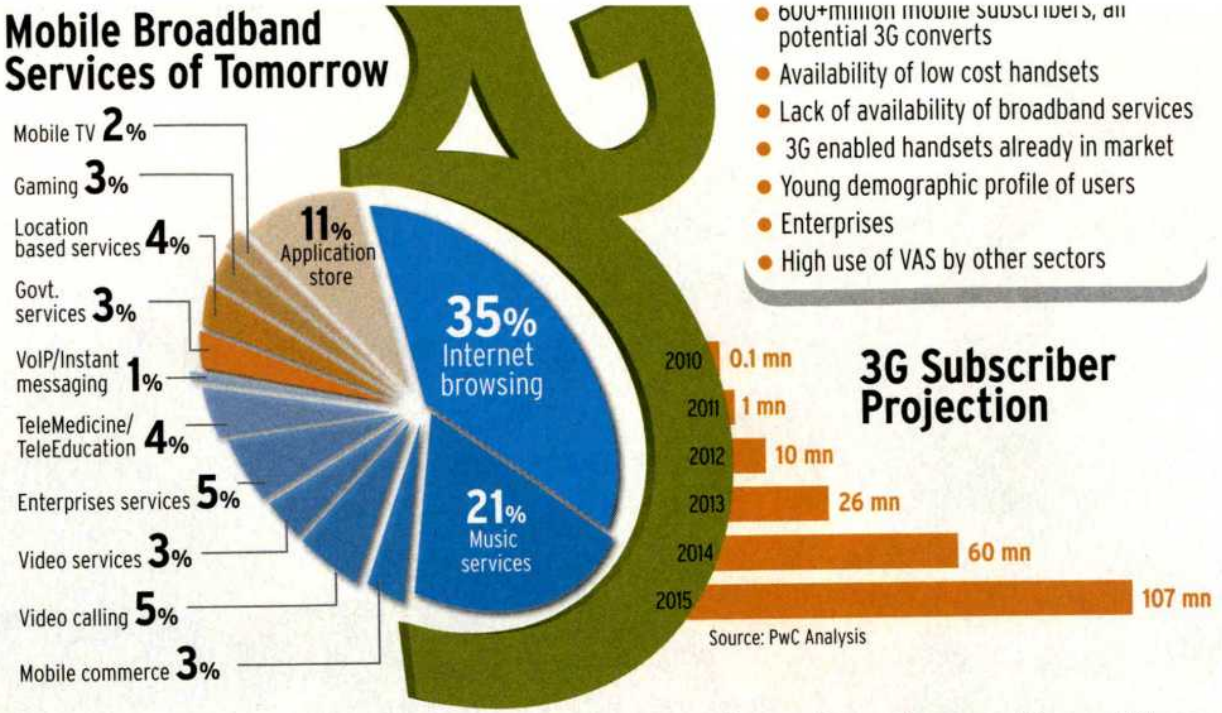
works could deliver 100 mbps speeds — allowing downloads of a DVD quality movie in under a minute.

A large swathe of Indians is already familiar with the ease of wireless access of data. The country's telecom regulator estimates some 177 million people access the Internet through mobile devices, of which some 30 million do so as often as at least a week. A small and fast-growing segment of more than 10 million subscribers use high-speed wireless connections through USB dongles and mobile phones on networks of Reliance Communications, Tata Teleservices and MTS. Most of this demand, say company

177 mn

Mobile Web Users

30 million Indians access the Net at least once a week



KULDEEP

the last year, overtaking the seven million dial-up fixed-line Internet connections.

Such access to the Internet is routine in the work lives of doctors in Kerala's Malabar region. Online medical reference material is often quickly accessed on mobiles and PDAs, says R. Satheesh, Chief Medical Officer at Al Shifa Hospital, Perinthalmanna. When treating newborns, he says, as an example, "we check drug dosage schedules, indications for the drug and the contra-indications".

A data scheme by phone operator Aircel in April 2009 had a huge impact on an unexpected quarter. Launched with an ad campaign with Indian cricket captain Mahendra Singh Dhoni showing how he used Facebook on the move, the scheme had local handset marketer Micromax quickly unveiling a handset with a 'single click' button to launch Facebook. The result was electric: Facebook's user base in India doubled from under five million users to close to ten million and it became India's top online social network ahead of Google's Orkut. Today, over half of Facebook users from India access the site on mobile phones.

In Chinnankudi village near Nagapattinam, one of the worst-hit areas in the December 2004 tsunami, fishermen have a new tool: an application on their mobile phones that tells them wind speed, wave height, wind direction, temperature and the weather forecast. Also available are the co-ordinates of fishing zones that hold a potential good catch. The village's 500-odd households are beneficiaries of Fisher Friend Mobile Application, a pilot project the M.S. Swaminathan Research Foundation is implementing in partnership with Tata Teleservices and chipmaker Qualcomm. Fish catches are now 30 per cent higher and fishermen "save significantly on diesel costs (up to Rs 3,000 a trip)," says K. Balachandran, an owner of two boats.

Some three million people, mostly in rural India, have signed on to Nokia's Life Tools text-messaging information service that delivers commodity prices, weather data and even English education one word a time charging Rs 30 to Rs 60 a month.

So, how will Indian consumers and companies harness the big wave of mobile data building up? That will depend on how many 3G phones India ends up having in the coming years. There is a range of projections — our columnist Pradip

100Mbps
BWA Speeds
Blistering data download of a DVD movie in a minute

Gurgaon / Sunita Sharma, 35

The Londoner monitors CCTV cameras at her mom-and-pop shop back home in real time on her BlackBerry, on India visits

VIVAN MEHRA/www.indiatodayimages.com

Baijal (page 58) believes India will have 300 million phones in a year of nationwide launch. But a study commissioned by international industry group GSM Association and conducted by consultancy PricewaterhouseCoopers (PwC) is instructive. The study projects the number of 3G customers in India at 107 million by 2015. "Initially, the rollout is expected to be more focused in urban areas. Therefore, the uptake of 3G services will be concentrated among urban subscribers," PwC predicts. "By 2015, rural subscribers are likely to comprise up to 24 per cent of the overall 3G subscriber base." And, just like average revenue per user (ARPU, or customer billing a month) rose in countries that introduced 3G services —Telstra's 3G ARPU is 2.5 times

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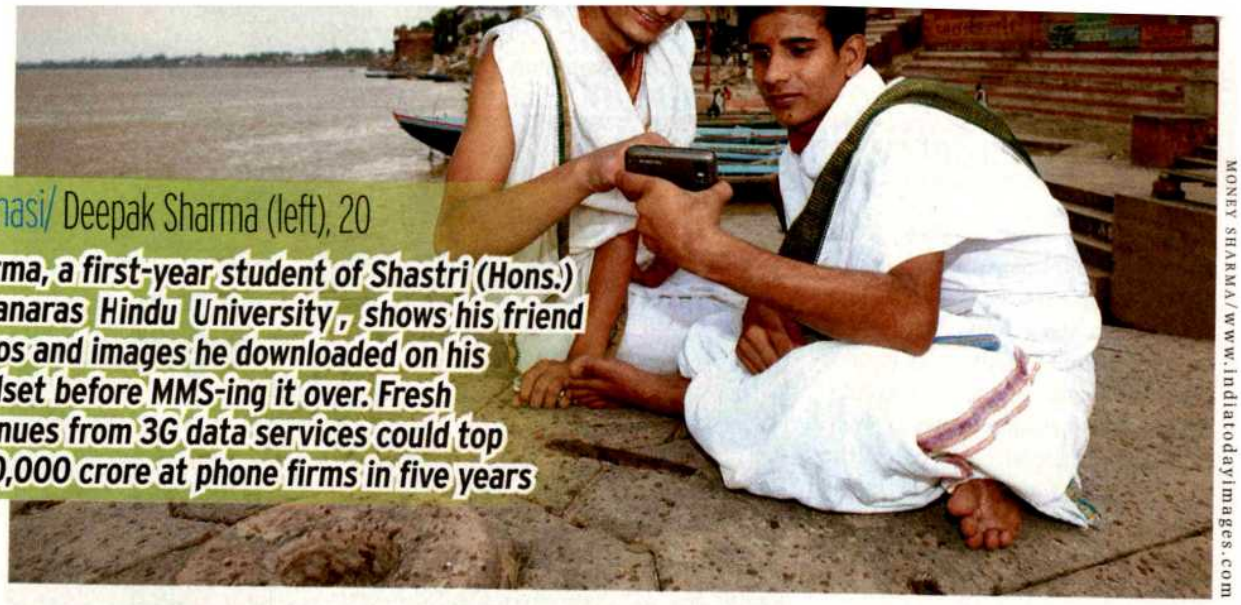


MONEY SHARMA/www.indiatodayimages.com

Varanasi/ Deepak Sharma (left), 20

Sharma, a first-year student of Shastri (Hons.) at Banaras Hindu University, shows his friend videos and images he downloaded on his handset before MMS-ing it over. Fresh revenues from 3G data services could top Rs 10,000 crore at phone firms in five years

'PRIVACY, COPYRIGHT REDEFINED'

What is copyrighted content when the Internet melds with mobile phones? Ask start-up vRock Mobile, which has the text-message rights for five years for the Indian Premier League. CEO Jatin Ahluwalia is clear that it means only vRock can commercially send updates with match scores and is prepared to battle it out in courts. India's music and movie associations are not so lucky. They can only shrug when faced with hundreds of millions, well, pirates. One emerging model for content owners is ad-supported broadcasts on YouTube. "Few countries have seen the sort of traction among media companies to come on board YouTube as India has," says Vinay Goel, Head, Products, Google India.

second generation network billings; in Japan, it is 58 per cent higher — Indian phone firms are also expected to benefit. ARPU for 3G users is expected to be Rs 712 in 2011 and end at Rs 265 in 2015, notes the PwC report, still much higher than 2G ARPUs of Rs 120.

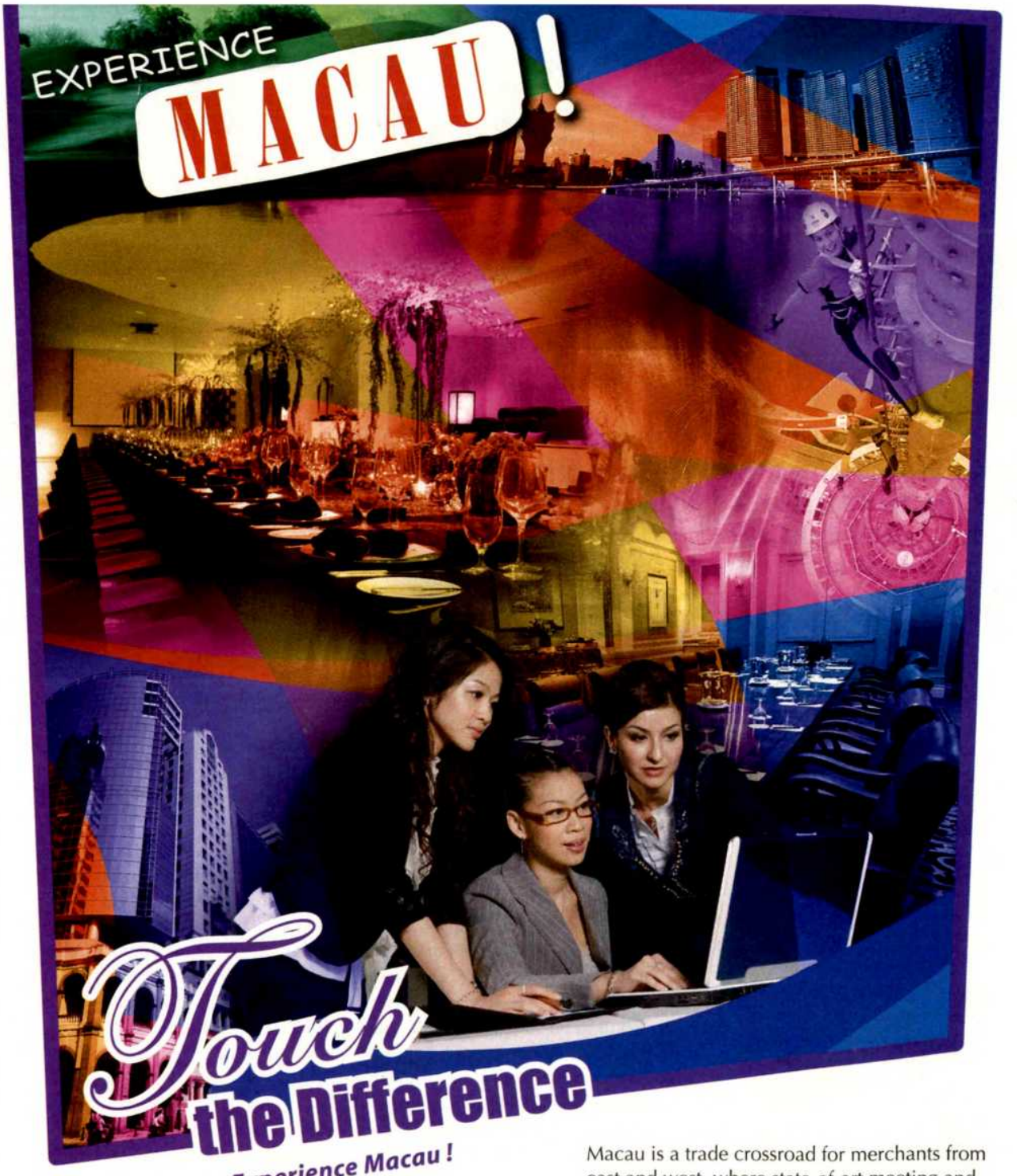
Even so, it is not clear that mobile data services will find custom in India. But, two or three trends can be extrapolated from the way cellphone users consume data today. Almost everyone interviewed for this story agrees that the biggest use of data will be plain old Internet access through what venture capital manager Mohit Bhatnagar calls a "better, faster and bigger pipe through which more of audio, video, pictures, full songs... will be downloaded".

Think of Puri, the Facebook addict from Meerut, and what he could do with a high-speed wireless data connection. PwC predicts Internet access will make for 35 per cent of mobile broadband services by 2015 and start-ups like Gurgaon-based Y2CF Digital Media are coming out of the woodwork in dozens to capture latent demand. It is developing a social networking platform with an important ingredient that mobile devices provide: location-based information. "With where-you-are information, people can have networks around restaurants, discover places, tell friends where they are, etc. (Commercial) possibilities with that are interesting," says Mohammad Imthiaz, CEO. In Pune, start-up Xtremum Solutions is ready with a proof of concept solution for doctors to navigate patient information on tablet PCs.

Music, applications, gaming, government services, telemedicine, Internet telephony and education could make for other important slices of the mobile data pie and examples of application and content developers around these abound. (See *Game For Growth*, pg 100.)

Video, The Killer App?

Services pandering to uniquely Indian appetites could be on the horizon too. Video calling may not have taken off in the other 3G markets but D. Shivakumar, Managing Director India for Nokia, the No. 1 phone brand, insists it will be a big hit in India. "The concept of privacy and openness is very different in India. In small towns, 80 per cent of boys and girls don't mingle. For them, SMS is a big way of communicating today. Tomorrow, it will be video calling," he says. A Nokia survey shows video calling will be the No. 1 service that Indians customers — nearly half of 7,500 respondents said they would definitely avail themselves of it — want



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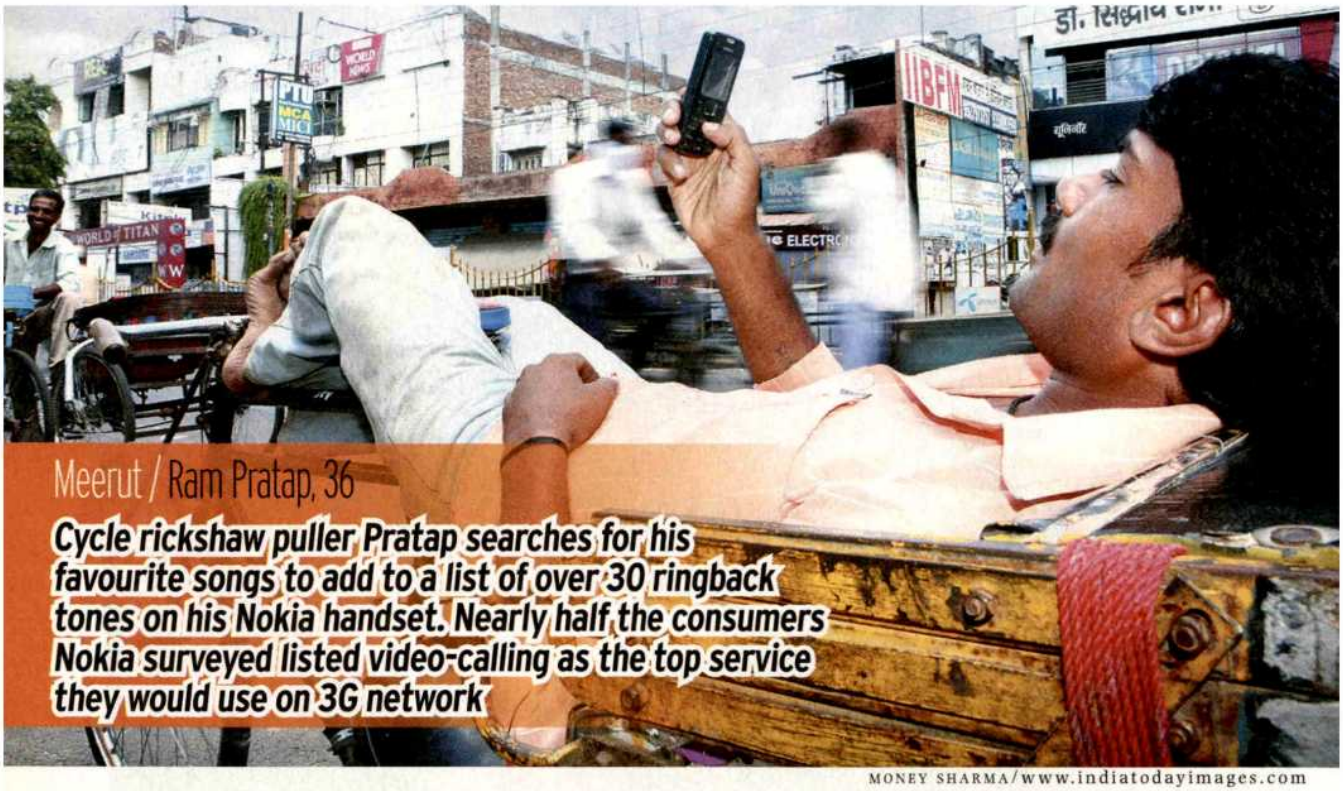

Meerut / Ram Pratap, 36

Cycle rickshaw puller Pratap searches for his favourite songs to add to a list of over 30 ringback tones on his Nokia handset. Nearly half the consumers Nokia surveyed listed video-calling as the top service they would use on 3G network

MONEY SHARMA/www.indiatodayimages.com

THE BIG LEAP...

...into what? 3G doesn't happen in thin air. A reality check.

Is the pipe fat enough? Globally, 3G mobile operators are given a band of 2x10 MHz to 2x15MHz. In India, each operator will get 5MHz. See *The Indian Spectrum Squeeze* on pg 28. Optimum data capacity of each 3G cell site for a 5MHz bandwidth is just 7.2mbps for 250 data users, at 256kbps.

Where are the goodies? The biggest market is rural India. But someone has to create apps for the masses. And in India's diverse languages. Or the government has to build a net of telemedicine, m-commerce, m-education and so on. Committees, tenders...Did anyone say speed?

Where's the 3G handset? There are plenty of 3G handsets in the works or in stores, but none for the common man. Handset prices have to fall below Rs 5000, the level for today's 2G handsets. Cut prices to get volumes? Or get volumes first? There go research costs and snob value.

Source: Mobile Broadband Outlook 2015, PwC

when 3G becomes reality.

Indeed, there are hints of video being a big hit if the experience of government-owned Bharat Sanchar Nigam Ltd is a gauge: About 70 per cent of broadband content consumed by its 1.3 million 3G customers is video including movies and, more interestingly, interactive video content. Already, Bollywood stars such as John Abraham have started video blogs. Shivakumar believes 3G/BWA will change every — yes, every — business in India "especially those whose goods and services have strong sensory and visual aspects to it," he says. As an example, he sees shoppers making "how does this look" calls to friends and relatives. Phones priced at less than Rs 4,000 are already on the horizon. Many consider Mahanagar Telephone Nigam Ltd's 3G pricing of 1 paise for 10 KB, or Rs 100 for a GB of data, as an early benchmark.

International experiences augur Indian phone firms and the eco-system around 3G/BWA heading to a sweet spot. While Europe took two-and-a-half years to reach a seven per cent 3G penetration, newcomers have got results quicker. Turkey reported that level of customer conversion into 3G in just nine months, points out Stéphanie Baghdassarian, Research Director at Gartner in the UK. A similar pattern could hold out for India especially with applications around mobile banking, she predicts.

To be sure, there are several hurdles that could trip India's waltz into the world of opportunities that 3G offers (see *The Big Leap...*) and the ability to make payments on mobiles — India has under 20 million credit cards — to conclude a transaction is one of them. Hyderabad tech firm IMI Mobile may have the fix for that. It is readying a pan-operator platform that content and application developers can plug into without the hassle of signing commercial terms with multiple phone firms or making sure software code works on different operating systems. Embedded in the plan is a micro-payments gateway that will allow users to bill as little as one paisa for a purchase.

That could really make the Indian mobile network sing. ⊙

ADDITIONAL REPORTING BY
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Future Confusing

What will the mobile device of tomorrow look like? Actually, no one really knows. BY KUSHAN MITRA

The Phone of Tomorrow

ALANKAR

On January 9, 2007, when Apple Computer CEO Steve Jobs held up the iPhone, competitors and analysts scoffed. Apple was venturing into new territory by making a phone, and established players would have it for lunch, they said. Forrester Research analyst Charles Golvin was quoted as saying: "The iPhone will not substantially alter the fundamental structure and challenges of the mobile industry." Ouch!

Even though the iPhone still remains 'a niche product', as Nokia CEO Olli-Pekka Kallasvuo termed it, what a niche it is! The iPhone has become the model smartphone, and the success of Apple's iTunes applications store is driving both device manufacturers and telecom operators today. And Apple has not stopped on the device front: its iPad tablets have prompted others to rush into the market with a host of knock-offs.

But nobody expects the iPhone to lead the 3G device revolution in India. Legal versions of the iPhone 3GS sold by Airtel and Vodafone cost upwards of Rs 30,000. India, as Nokia India Managing Director D. Shivakumar points out, is a value-conscious market. But that does not mean that Indians cannot have ac-

cess to affordable touch-screen devices. Nokia's South Korean rival Samsung recently launched one for Rs 4,500.

"The interesting thing with applications and software on a mobile phone is that your phone and my phone can have the same hardware but be completely different... the ability to personalise will be the main driver for mobile devices," says Asim Warsi, Chief Marketing Officer of Samsung India.

Manu Nagar, CEO of Longcheer India Technology, the mobile development arm of a Chinese major, cites two critical aspects. "For most Indians a phone has to look good, say something about them. The reason qwerty-keypad devices became popular was not so much because they are easy to type on but because they look expensive," he says.

But he also points out that Indian marketers (all 'Indian' mobile brands import devices from China and Taiwan) have a great sense of the mass market's pulse. "But the mass-market is not an innovative segment; innovation will still come from the top-end of the market," says Nagar.

Microsoft India's Head of Consumer and Online Business Hemant Sachdev believes that innovation will be driven by faster and more affordable data, or the way mobile devices are used. "There will be uses in healthcare and education. There are 1.72 million educational institutions across India but only a handful have high-speed data connections. Cheap computing devices that can access the Internet through mobiles will liberate them," he says.

The big driver — and this is akin to what has happened in the West — will be entertainment, or movies, sports and video. Google India's Product Head, Vinay Goel, says several Indian television companies are already on YouTube with legal content. When mobile data speeds get wireless access (BWA), more people will access video on their phones.

But phones will need to be smarter to handle all this video. Enter Qualcomm, the American technology company. Apart from winning the licences for BWA services in four circles, Qualcomm is one of the world's largest manufacturers of chipsets for mobiles.

Kanwalinder Singh, Managing Director of the Indian arm, says the price-performance barrier is moving lower every day. "The Snapdragon processor we have gives high-end smartphones massive performance, but we also have our 7000 series that allows cheaper devices to run smartphone platforms."

Google and Qualcomm both expect a smartphone running Android to be launched at around Rs 8,000 in India very soon. Chinese telecom company ZTE recently launched an Android-powered handset 'Runner' at this pricepoint in the United Kingdom. By 2011, Android handsets could be retailing for around Rs 5,000 in India. But the big thing in India, according to Singh, will be "real-time switching" between networks of various technologies and standards.

But what about tablets and the cloud? Proliferation of video will lead to greater peer-to-peer video sharing of events such as family occasions, argues Sanjay Kapoor, CEO of Bharti Airtel.

So tomorrow's mass-market device in India will be cheap versions of the iPhone and iPad. They will have large touch-screens and be able to work on several standards simultaneously. They may not be as smart as Apple's, but could have a replaceable battery, slots for high-capacity smart-cards and front and rear cameras for video calls (see *The Phone of Tomorrow*).

Thanks to fast and cheap processors, such a device could have a smartphone operating system, possibly Android since it is freeware. All

THE OPERATING SYSTEM WARS

Android: Developed by Google, the Android operating system is free to use but if manufacturers want access to the Android marketplace they need to sign a contract with Google. The system supports third-party applications and can also run on less-capable devices. It might come up on top in India simply because of the number of devices that will use it. Google is also developing the **Chrome** OS for tablets and netbooks

iOS: Apple's operating system for the iPhone, iPod Touch and iPad. Apple wants to remain in the low-volume but very high margin top-end of the market. The same will apply in India

Windows Phone 7: Microsoft's latest mobile software has been showcased and according to initial reports looks stunning, but its success in India depends on the device ecosystem. Microsoft plans lower-priced devices on its outdated Windows Mobile 6.5 platform. But success will depend on pricing and availability of apps

Symbian S60: Nokia's venerable smartphone operating system was brilliant when launched almost a decade ago, but today is as outdated as Windows 95. However, familiarity helps in India and Nokia plans to use the system in its cheaper handsets. Nokia is updating Symbian for some of its newer devices such as the N8, but Symbian is losing developers to Android and iOS globally

MeeGo: A Nokia-Intel joint collaborative effort to take on Android and iOS, and like Android this is a version of Linux that will power smartphones, tablets and netbooks. If apps developed for Android and iOS can be easily ported on to the system it might have some success in India

BlackBerry OS 6.0: With Indian security agencies raising a stink about BlackBerry services, who knows? But BlackBerry needs more than an operating system refresh. Despite some exciting new devices in some Western markets, it is losing its lustre

Bada: Samsung's new proprietary operating system will power most of their devices but the Korean company will continue to use Android and Windows

SUBHASH DHAR

Apps, Services Key to 3G Success

There's a gold mine waiting to be unearthed in 3G for operators across the globe. According to analysts, global subscriptions for 3G will cross the one billion mark in 2010. However, there's still plenty of headroom for growth — until last year, 3G subscriptions stood only at 15 per cent of all connections. While there has been plenty of talk about the rollout of 3G services worldwide, the fact remains that Japan and South Korea are the only two markets where the vast majority of all mobile subscriptions are 3G (or 4G) subscriptions. In Korea and Japan, the key has been application-centric products that incorporate connectivity.

Operators have focused on creating packages of applications and services for customer segments. Photo sharing, dynamic video services, and mobile wallet are some examples. Connectivity has been bundled in these application packages. This approach has paid off handsomely, with operators recouping their 3G investments in around five years. In contrast, operators that have focused on connectivity-oriented services are years away from recouping their large spectrum and infrastructure investments in 3G. The value of a 3G network is in its ability to unleash mobile applications and services. Monetisation of 3G networks flows from applications and services that are provided over the network. Devices with 3G capabilities are the other important piece. This piece is getting addressed as more affordable devices are scheduled to hit the market. So, success and competitiveness in 3G comes down to applications and services.

In India, the challenge facing operators is a little different. We have to keep in mind that the Internet here is largely experienced on mobile devices, not on PCs. Given the constraints of bandwidth and affordable devices, this experience has been rather stymied until now. 3G networks will address the bandwidth part of this problem. As affordable 3G handsets become available, we will see a sharp growth in data consumption among Indians.

Infrastructure does help but mobile networks have an opportunity to make up for otherwise poor infrastructure as they have done for voice communication. It is conceivable that 3G networks will make e-governance; e-banking and electronic versions of many such basic services possible — services that have been hampered by the poor state of physical infrastructure in India. One other area of attention would be legal reforms to rationalise liabilities for operators for carrying third party content and services while improving enforcement.

Charging for services delivered on the network makes for lasting premiums even if it is a slightly more complex business model to execute

Indian operators should, however, be forewarned about the difficulties of profitably operating a 3G business. There are very few operators worldwide who have demonstrated unquestionable success in 3G. The common lesson to learn from these very few successes is one of business models. Charging for network usage and access gets commoditised and loses premium very quickly. On the other hand, charging for services delivered on the network makes for lasting premiums, even if it is a slightly more complex business model to execute.

We've imbibed many of these lessons at Infosys. Recognising the value shift in this business from networks to applications, we have invested in building an operator-centric application store platform called FLYPP, where trusted applications from multiple sources can be rendered on-the-fly on a multitude of handsets. Besides opening up a new revenue model, this platform allows operators to differentiate through choice of applications and services these apps drive. It is also a rich platform for future innovation which has the potential for sustained market differentiation and consequently pricing power as 3G and next generation networks are adopted. ⊙

Subhash Dhar *is Senior Vice President and Member, Executive Council, Infosys Technologies*

The future is calling. And texting. And browsing.

In the telecom industry, challenges are multiplied by the constant introduction of new offerings, not to mention new competitors. With competition intensifying in the Indian telecom services market, companies need to focus on developing breakthrough services to set them apart. On a smarter planet, organisations can use technology as a platform for constant innovation, development and growth.

Keeping this in mind, Bharti Airtel formed a landmark partnership with IBM to transform its processes and take on the management of its entire IT infrastructure. This new platform provides a standardised framework for them to integrate their channels and customer interfaces, enabling higher customer satisfaction and more profitable growth. As a result Bharti Airtel, one of the world's fastest growing telecom companies, has seen its customer base increase from 6 million in 2004 to over 130 million in 2010. With the ability to process more than 2.5 million new customers a month, Bharti Airtel is ready for whatever the future calls for. Let's build a smarter planet. Join us and see what others are doing at ibm.com/telcom/in

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PRADIP BAIJAL

Can 3G Enable India?

India has garnered about Rs 1 trillion, or a tenth of its annual expenditure budget, from the recent spectrum auctions to telecom operators. The industry will now spend more to upgrade networks and pay for earlier spectrum — taking that spending to about 25 per cent of the Union Budget. But the business can still survive owing to the network's biggest strength, the 600 million-plus subscribers on the mobile network, amongst the highest number in the world and still growing at a feverish pitch.

In the United Kingdom and some other Western countries, operators bought spectrum for third generation, or 3G, services but could not pay for the upgradation of networks for a long time, leading to a huge crisis. Fortunately, 3G equipment is much cheaper now, and the number of potential subscribers huge. There are also many new services on the horizon besides mobile Internet, like video, mobile banking, education, e-extension, etc. Other developments such as cloud computing vest the power of a computer in your palm.

Internet telephony, or VoIP, as it is called, has been allowed in most countries and partially in India, too, where computer to computer calls are allowed. There is a recommendation from the Indian telecom regulator that voice be totally unfettered (between Internet-enabled phones too), and the government will find it extremely difficult to stop this. I remember the American regulator resisted such a demand for years and called VoIP a disruptive technology. Since it could not be stopped, ultimately it gave in. Since broadband leads to death of distance, one can install a phone run on a New York network in India and people do.

But whether these services will lead to an increase in revenues is the question, because that would be dependent on per capita GDP, the capacity/inclination of the user to spend as a percentage of his income, and content. Cable and direct-to-home TV have become very popular for the information-and entertainment-starved Indian. The indication at present is that thousands of companies are developing very useful content and applications for the Net.

Still, the government will have to play a very big role in developing useful programmes on education, healthcare, banking, etc. The Universal Service Obligation Fund, set up to fund the expansion of the rural telephone network, has a huge unspent amount. This money can be used for development of broadband and content. I understand that the government has appointed Sam Pitroda to do this job, and I am sure he will do it very well.

Will the network be able to earn enough to survive the additional spending of Rs 2.5 trillion in the next three to five years or will it go broke?

We have so far spent about Rs 2.5 trillion on second generation networks, which today serve 600 million customers, and the sector now has a turnover of Rs 1.6 trillion. But average revenue per user is very low, many times lower than in other countries, from the same equipment. Will the network be able to earn enough to survive the additional spend of about Rs 2.5 trillion in the next three to five years or will it go broke? After all, we did have such a situation in 1999 and again in 2003, and many companies had almost become sick, ready to exit.

With intelligent handling by the government and the regulator, I am sure we can overcome all problems by huge subscriber numbers. We should have 300 million 3G/WiMAX/LTE-TDD subscribers in India within one year of the total launch without hiccups. After all, about 150 million people access data on 2G handsets today. I also hope that an intense fight ensues between technologies and operators so that it will convert India into a leading and totally connected nation as in 2G but now at 3G/4G and 5G speeds. If that happens, you will not have to go to office, college, school, hospital, bank, etc. and everything would be delivered at home — almost with physical presence quality — in about three to five years. ⊙

Pradip Baijal *is former chairman of the Telecom Regulatory Authority of India and current chairman of Noesis Strategic Consulting Services, which advises clients that include telecom firms*

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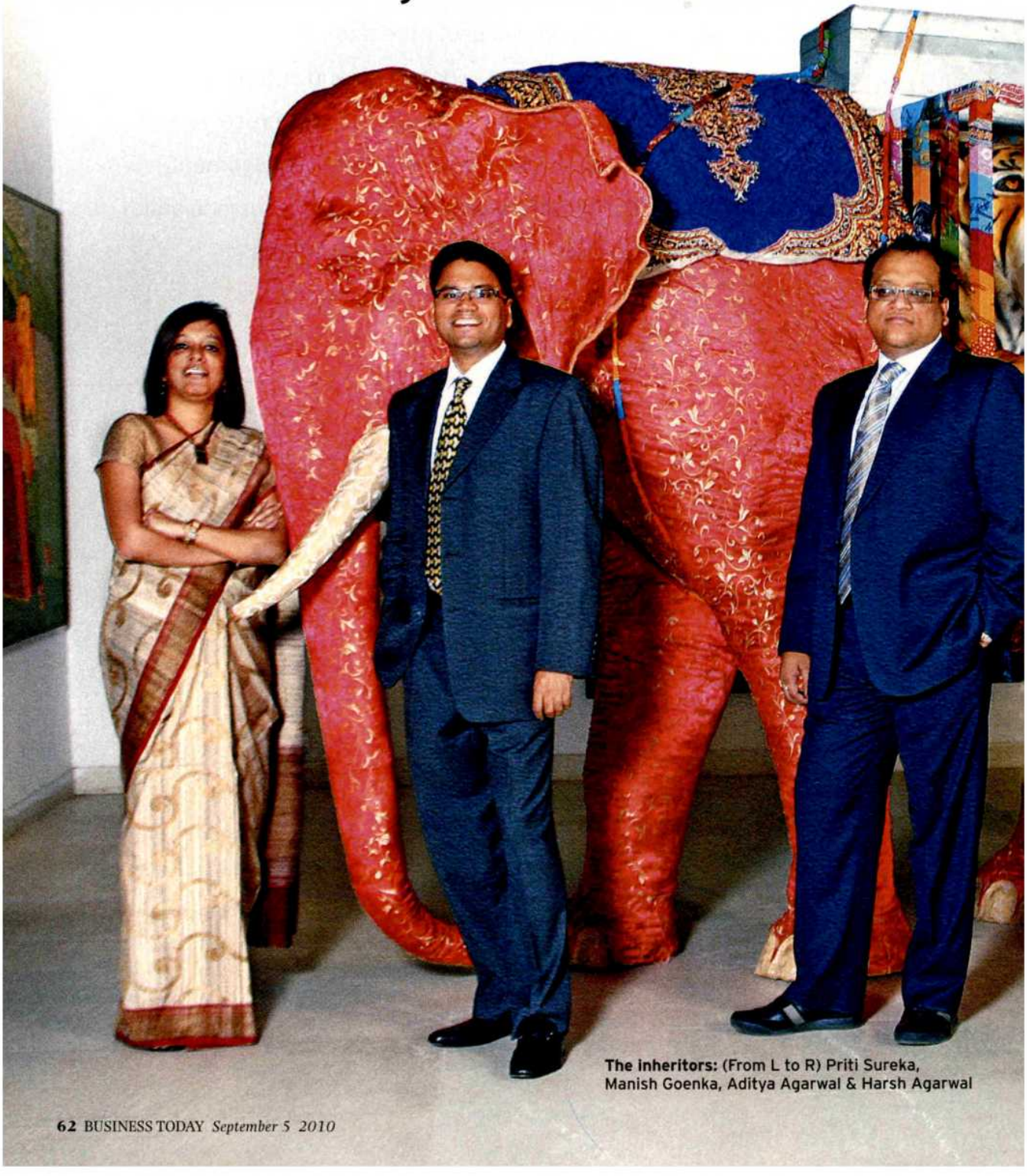
The Elephant

How the founders of Emami are ensuring a smooth transition to the next generation across two families.



The inheritors: (From L to R) Priti Sureka, Manish Goenka, Aditya Agarwal & Harsh Agarwal

Learns to Dance

BY T.V.MAHALINGAM

DEBASISH PAUL/www.indiatodayimages.c

On the surface, the founders of the Emami Group — Radhe Shyam Agarwal and Radhe Shyam Goenka — are like chalk and chutney. Goenka, 63, is quiet, soft spoken with the easy air of a *ghazal* singer and ducks out of media interactions. Agarwal, 65, is chatty, animated and loves to deliver monologues on Hindu philosophy, compose pithy poems about the vagaries of life and peppers shop-talk with long contemplative pauses that would make former Prime Minister Atal Bihari Vajpayee sound as breathless as a first-time rapper. Goenka is the numbers and details man, Agarwal the savvy marketer.

But there's a lot the duo have in common other than their first names. They met in school, in second grade, where they shared a passion for sports. After school, they continued to hang out together. Both hold Master's degrees in Commerce and Bachelor's degrees in Law. Both worked for the Birlas — Agarwal for the Aditya Birla Group and Goenka for K.K. Birla. "We loved each other's company and we were thinking of how we could continue to meet each other every day," recalls Agarwal. That camaraderie and the "fire in the belly that we should not be in service", as Agarwal puts it, led to both of them quitting their cushy jobs and striking out on their own in 1974.

The duo have built up Emami from a small-time manufacturer of ayurvedic medicine and cosmetics, founded in the claustrophobic lanes of Burrabazar in Kolkata, into a pan-India group with Rs 3,000 crore in revenues that has taken on the likes of Hindustan Unilever and Procter & Gamble. Today, Emami sells everything from pain relief balms to hair oils that 'cool' your head, from edible oil to ballpoint pen tips. It sells newsprint to some of the country's largest newspapers and hopes to be the largest hospital chain in eastern India. A cement plant, a realty foray and a mining play are all on the anvil. But that's just one part of the Emami story.

The Emami story is also about two families — unrelated by blood — which continue to run the empire amicably. Even though Agarwal and Goenka come into work regularly, it's the next generation who are handling the businesses on a day-to-day basis. Agarwal has three children; Goenka has two. They handle various parts of Emami (see *We Are Family*).

W ARE FAMILY

R.S. Agarwal, 65
Founder & Chairman

R.S. Goenka, 63
Founder & Joint Chairman

Priti Sureka, 39
Director

Heads new brands in FMCG and innovations

Harsh Vardhan Agarwal, 34
Director

Aditya Vardhan Agarwal, 35
Director

Richa Agarwal (wife)
Aditya's wife heads the art division

Manish Goenka, 36
Director

Mohan Goenka,38
Director

Prashant Goenka, 37
(R.S. Goenka's nephew)
Director

Heads Emami international business along with power

Aditya and Manish together handle the hospital, paper, biodiesel, edible oil businesses and a few FMCG brands

Harsh and Mohan together handle cement, power and coal, media, sales, retail, real estate and a few FMCG brands

Goenka and one Agarwal handle a line of business together. For example, Aditya Vardhan, the elder son of Agarwal, and Manish, the younger son of Goenka, together run the hospital, edible oil, biodiesel and paper businesses. Similarly, Mohan, Goenka's elder son, and Harsh Vardhan, Agarwal's youngest, are spearheading the company's forays into new areas like cement, power and coal. Prashant, Goenka's nephew, drives the group's international push. Most of the next gen members are also given a basket of brands to handle individually.

So, how easy or tough is it for the next gen — all of them are in their 30s — to work with each other? "It's very easy because we have all grown up together," says Manish. "Take Aditya and I — both of us studied in the same school since Class V. When we started working together, we shared the same cabin till we moved to the new corporate centre," he adds.

At Emami's swanky corporate centre in east Kolkata, the cabins on the eighth floor (where the promoters sit) have glass walls. "All of us have lunch together everyday and hop a ride back home together," says Aditya. The Goenkas and Agarwals stay in multi-storied houses in the same lane. All the Goenkas and Agarwals, about 40 in headcount, make it for an annual vacation, during the *Puja* holidays in October.

There is no dearth of stories of Indian family businesses being torn apart because of familial tensions and conflicting business ambitions as the next gen gets into the picture. So, what's the House of Emami doing to prevent that? "At a very basic level, we realise that the family is where most of the conflicts begin. Hence we are striving to make things transparent and increase communication within the family," explains Aditya.

For the past eight months, the extended families of the Goenkas and Agarwals have been coming together to form a family forum. "Basically, about 30 of us, in groups of 8-10 people, get together to talk about everything from business to personal matters. The only condition is that siblings and spouses are not allowed to be a part of a group. That way everybody knows everything," explains Manish.

The founders have also listed a set of rules and guidelines for the next gen to adhere to. Take, for instance, the guideline that they cannot invest in stocks or shares in a personal capacity. "We don't want our children to indulge in speculation. We don't want them to get used to making easy money," says Goenka Senior.

The Emami Way

The founders' code of conduct for gen next

They are not allowed to make investments in the stock markets in a personal capacity or indulge in any kind of speculative activity

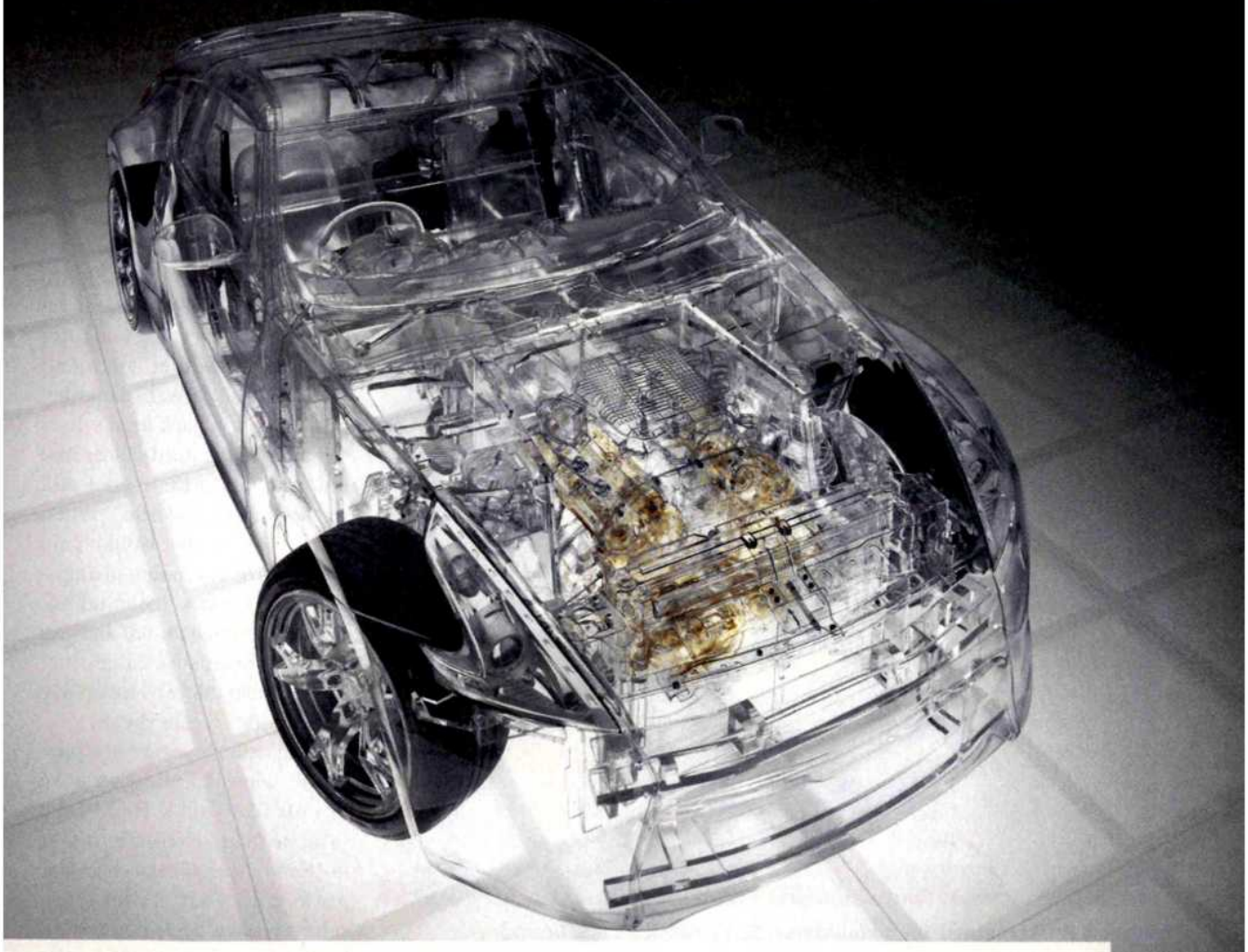
All of them have individual monthly expenditure limits

They are not allowed to start any business without the approval of other family members

They are not allowed to enter businesses that have anything to do with the sale of tobacco, meat and alcohol

The value of cars bought by them cannot go above Rs 10-12 lakh

CLEANER ENGINES ARE BETTER PROTECTED



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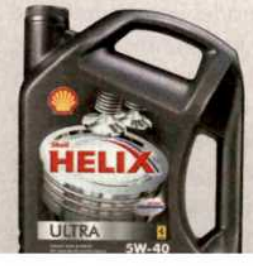


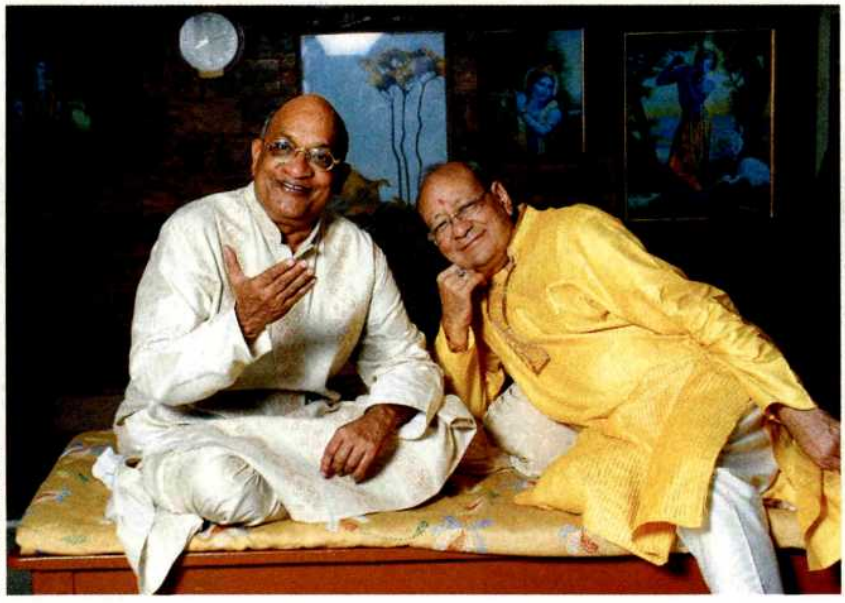
DESIGNED TO MEET CHALLENGES

Shell HELIX

The other founder, true to character, is a lot blunter. "Once somebody gets into the stock market, his eyes are likely to be glued to the stock ticker and he is likely to lose focus of his own business."

Similarly, they may not invest in businesses outside the Emami fold in a personal capacity. "If somebody wants to start a new business, he can approach the family and convince us all about the merits of the business and we will gladly invest," says Agarwal Senior. Neither are the inheritors allowed to lend or borrow significant sums of money. "All business projects that need significant capital for expansion should be cleared by other family members. That way we all know what's happening," he adds.

Perhaps, the most interesting guideline of all is the spending cap that has been put on the next gen. Their salaries go into bank accounts that are monitored closely by the founders, who in turn give out a monthly allowance for daily expenditure. Like Mohan says jokingly: "My monthly 'pocket money' is about Rs 7,000. Perhaps, my wife's allowance is a bit more."



DEBASHISH PAUL

Keeping it all together: The co-founders R.S. Agarwal (L) & R.S. Goenka

If the thought of the Emami inheritors living off just Rs 7,000 a month sounds too good to be true, remember that the Goenkas and Agarwals live in a joint family set-up. Most of the common household expenses are taken care of through the joint family account. "It is not as if we have to live exactly within our set monthly limits. If I asked my father for more, he would not refuse but I would have to give a reason," says Mohan. His cousin, Prashant, says that he actually manages to save some money every month in spite of family outings to movies, and shopping for clothes.

Mumbai-based financier Anand Rathi has known R.S. Agarwal since the early '70s when Rathi used to work for the Aditya Birla Group. "The code of conduct has been put in place to avoid competition between family members and increase transparency," says Rathi, who has been an advisor to the family on matters ranging from education of the younger members to strategic business decisions.

The Emami way is also steeped in the Marwari ethos of frugality. The Goenkas and Agarwals always fly economy class. Only the founders go about town in luxury cars (a Mercedes and a BMW). The next gen members are allowed to buy cars priced below Rs 12 lakh, depending on their years of work experience. Family members, again in true Marwari style, are inducted early into business. Most of the Goenkas and Agarwals speak of attending college in the morning and coming into office after that. Priti Sureka, R.S. Agarwal's daughter, recalls coming back from school to Emami's cramped offices and manually entering media and research data into forms. "When I was 10, my father would hand me copies of international magazines like *Cosmopolitan* and ask me to go through the ads and give out assignments based on that. Dinner table talk was invariably about work," recalls Harsh.

Such efforts seem to be paying off. Some of the fast-growing brands like Fair & Handsome (a male fairness cream, a first in India), *Sona Chandi chyawanprash* and Fast Relief pain reliever have been conceived, launched and managed by the next gen. "The difference between Emami and most other Indian family groups I have worked with is that they are not hidebound and straitjacketed in their thinking," says ad guru Alyque Padamsee, who has been working with the group for over a decade now on its advertising and marketing strategy.

There's a catch, though. R.S. Agarwal says that the present model, by its very structure, necessitates one or two clear leaders. Currently, all businesses are jointly and equally owned by both the Goenkas and the Agarwals. And the proverbial buck stops with the founders. "At some point of time, the group will have to choose one or two leaders and the other family members would have to accept them. That would be the biggest challenge for Emami," says a senior wealth management executive with a Mumbai-based private bank. And that would be the real test of the bond that binds Emami. ⊙

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Renuka Ramnath's Giant Leap of Faith

The spellbinding tale of how the former head of India's largest private equity firm quit and started out on her own, against all odds. BY RAJIV BHUVA

Monday, April 20, 2009: Renuka Ramnath leaves her office in Central Mumbai at 9 p.m., her usual time of departure. By 9:10 she reaches her apartment in Prabhadevi, where her parents are waiting to be taken out for a champagne dinner. It's clearly a special moment — her parents will have popped the bubbly for the first time in their lives. But what exactly is it that Ramnath is celebrating? "I am celebrating my 23 years of hard work, and where the job has left me at this point," Ramnath tells her mother at the dinner.

That Monday Ramnath hadn't just checked out of the headquarters of ICICI Venture for the day. After heading India's largest domestic private equity firm for seven years — and working with the ICICI Group for over two decades — she was leaving it for good.

Speculation on the reasons for her resignation has ranged from her unhappiness at Chanda Kochhar being chosen to succeed K.V. Kamath as MD and CEO of ICICI Bank, to a partial sale of ICICI Venture's stake in distressed retailer Subhiksha to a company owned by Wipro promoter Azim Premji. Yet, those who have worked closely with Ramnath reckon that the biggest reason for her calling it a day at the private equity firm was that "Renuka had hit the glass ceiling at ICICI Venture". What that means is that after managing funds of a little over $2 billion or around Rs 9,200 crore, there was little scope to scale up — particularly when international investors too are reluctant to pour big money into funds like ICICI Venture because their objectives may not be in sync with those of shareholders.

On her first day without a job, Ramnath weighed her options. She remembered the words of Kamath,

> **"Building an institution and then coming out of it alone made me feel like a bird whose wings had been chopped off"**
>
> **Renuka Ramnath, Founder, Multiples Alternate Asset Management**

PHOTOGRAPH: UMESH GOSWAMI; COURTESY: SHREE MARKANDESHWAR MAHADEO TEMPLE TRUS

after putting in her papers. "Don't be in a hurry to make a decision on the next day itself as to what you will want to do. Take a good six weeks off and then take a call on what will motivate you most," the Non-Executive Chairman of ICICI Bank had told her. Another option was suggested by her mother. "Sit back and ask yourself: Do you need to be doing anything (more) at all?"

In the meantime, feelers from large family businesses were coming in thick and fast — most wanted her to play a role similar to the one she had at ICICI Venture. The memories of the conflict in the expectations of shareholders and investors were still fresh in Ramnath's mind, and convinced her that she didn't want to go down that road again.

At the same time, Ramnath also couldn't forget the sheer depth and breadth of her entrepreneurial experience at ICICI Venture. "Every aspect of decision-making — right from strategy to fund size to winning and nurturing deals to exiting investments — was an entrepreneurial journey for me," she says. "It was not as if somebody was there to tell you what to do, and that you were just an executing CEO," adds Ramnath, who has an antique chair in her new office in Poonam Chambers in Central Mumbai as a tangible reminder of her tenure at ICICI Venture.

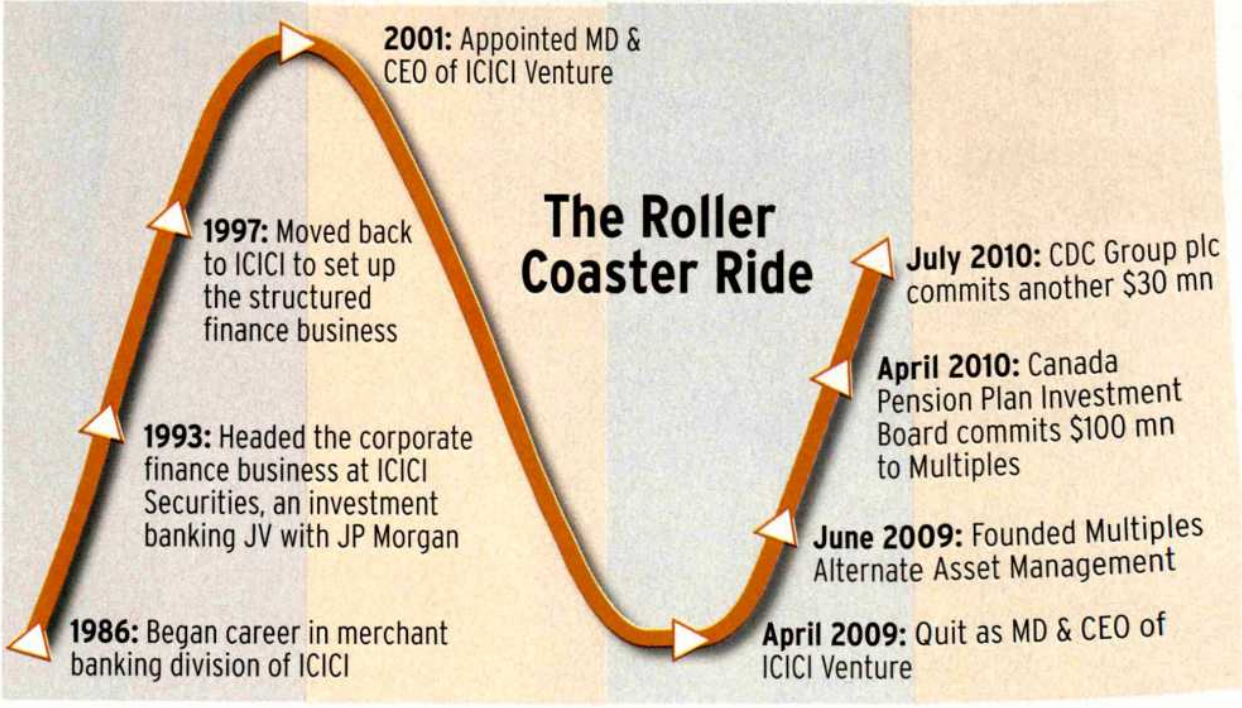
Starting a PE fund was clearly an option. But Ramnath knew that she would be without three major comfort factors: an established brand; a regular salary in the bank; and a fund house with assets of over $2 billion. That she now had to start from scratch contributed to an overpowering combination of fear and isolation. "The feeling of building an institution and then coming out of it alone made me feel like a bird whose wings had been chopped off. I was desperate to fly but couldn't because I didn't have my wings."

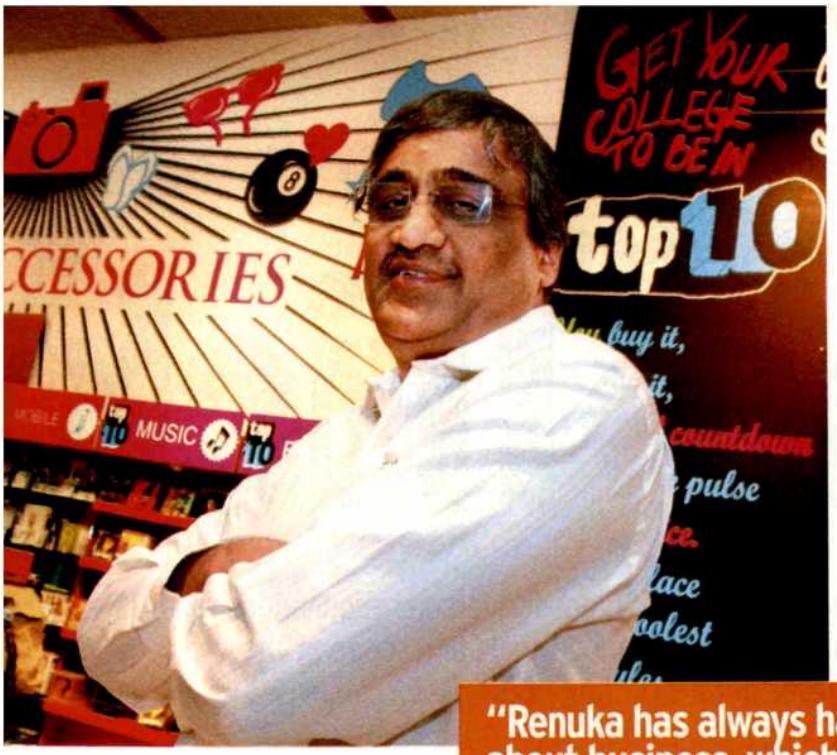
The Wind Beneath Her Wings

Ramnath knew she had to step out and reach out to people — and to god. Deepak Parekh, Chairman, HDFC Ltd, and Vallabh Bhansali, Co-founder of Enam Securities, were just two of the finance mavens she sought advice from. Both alerted her to the pitfalls: Like cut-throat competition in PE, the worldwide liquidity crunch, and the need to attract talented people. Bhansali, who even took her for a meeting with Infosys Co-founder N.R. Narayana Murthy, feels Ramnath has what it takes, and more. "She is a path-breaker not just in riding but also in creating growth," he says.

In those uncertain days, Ramnath also took solace in spirituality, and sought the blessings of her guru in Chennai, Sri Sri Muralidhara Swamigal. And, no, it wasn't a brand guru who thought of the name Multiples for her venture — it was the guru himself. "That was my aha moment. Here was a man who knows nothing about the PE business suggesting a name so apt. That was the sign I needed to go out and build my company," says Ramnath. "That was the moment of truth."

Also providing moral support were promoters of companies in which Ramnath had spearheaded investments as head of ICICI Venture. Like Kishore Biyani of Future Group, who





ices like healthcare, education and finance. First-generation entrepreneurs will constitute most of Multiples' portfolio, but there will be a smattering of proven business models, too. The fund will look at acquiring controlling stakes by buying out existing shareholders. Ramnath has a proven record in that domain. ICICI Venture had acquired businesses like Ranbaxy Fine Chemicals and Infomedia, which paid off well. There also will be a lot of PE-to-PE deals. "I had done such deals in 2004 and 2005," recalls Ramnath. For instance, she had sold Intas Pharma to ChrysCapital then.

"Renuka has always had strong views about business, which we respect"

Kishore Biyani, Group CEO, Future Group

has been an admirer of Ramnath's courage and meticulous involvement in the business. "She has always had strong views about business, which we respected," says Biyani. "I found her very clear and also quick with her decisions," recalls Prem Kishen Gupta, Deputy Chairman and MD, Gateway Distriparks. In April 2006, ICICI Venture had acquired a 5.18 per cent stake in Gateway, a provider of port-related logistics support services.

By July 2009, after attending her son's graduation ceremony in the US, Ramnath had founded Multiples Alternate Asset Management. Keen to work on an independent platform, Sudhir Variyar, a senior director at ICICI Venture, came on board as Investment Director. Their first task: put a size to the fund. Variyar, who Ramnath calls conservative, suggested $300 million. But the consultant advising them thought they should be more aggressive and, after some brainstorming, a fund size of $450 million was agreed upon.

Crucially, investors from the past also stood by her. Those who made money because of her winning investments in companies like Biocon, Shoppers' Stop and Ace Refractories didn't think twice before backing her. Insurance Corporation, Andhra Bank and Indian Overseas Bank, pitched in between June and August 2009. But the big break came in April this year when Canada Pension Plan Investment Board committed $100 million to Multiples. And, in July, the UK-headquartered CDC Group came in with $30 million. "Renuka's past experience made it much easier for CDC to get going on our investing endeavour," says Anubha Shrivastava, Managing Director, Asia, CDC Group.

Multiples today has raised $350 million in just a year. And, although Ramnath terms the market for fund-raising "challenging," she's enjoying it nevertheless. There are those who believe that the Indian PE landscape lacks stability. "Despite so many players (272, at last count), few seem to have a precise strategy on how to raise money and where to deploy it," says Ramnath. "But if it was a perfect market, there would be no fun in playing here," she adds with a grin.

Multiples will not have more than 15 companies in its portfolio. Ramnath is not keen on core infrastructure sec-

Of the 15 companies in her portfolio, Ramnath expects about five to be controlling-stake transactions. The rest would be mostly unlisted companies, in which Multiples would hold 20 per cent to 30 per cent and, in exceptional cases, up to 40 per cent. "We would like to be the second-largest shareholder in these companies after the promoters," says Ramnath.

She's been there, done that, clocking internal rates of return — the yardstick to gauge the performance returns of a PE investment — of over 70 per cent when the industry norm was half that. Those backing her are doing so because they are aware of her record. That's half the battle won. Now comes the tougher part: Emulating successes of the past and vindicating the faith bestowed on her. The vision statement of Multiples talks of making distinctive investments with conviction. There's plenty of conviction on display — from investors, promoters, colleagues, and Ramnath herself. That has to now translate into distinctive, winning investments. Ramnath is back. Now she's got to go forth and make

India Inc.'s Rope Trick

Less than two years after some of India Inc.'s biggest overseas acquisitions ran into the recession, the investments have expanded scale and scope at the country's top businesses like never before. BY MANU KAUSHIK and SUMAN LAYAK

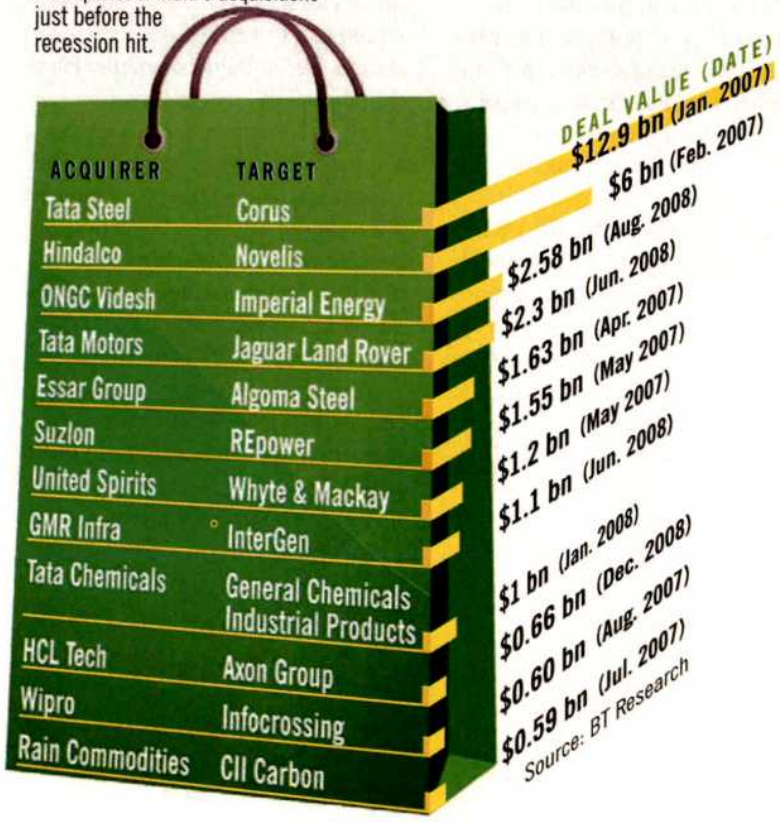
Koushik Chatterjee remembers it like it was yesterday. Tata Steel was just coming to grips with its biggest overseas acquisition — and the country's largest — when the recession hit the West late in 2008. It was clear to the Indian steelmaker that it had to do more with less if it did not want its $12.9 billion, or Rs 52,000 crore then, buyout of Corus Group to be written off as a failure. It didn't help that it had paid one-third more than its first offer for the asset to stave off counter offers for Corus from Brazilian steelmaker CSN.

It was also clear that a performance improvement plan that targeted savings of £150 million, or Rs 1,230 crore, a year would not save the day for Corus and Tata Steel, recalls Chatterjee, who then headed the finance function for the Indian operations and today is the Group CFO for Tata Steel. "The (cost-cutting) targets were increasing on a week-to-week basis," he says. It takes many factors to reach a tipping point and Corus set to work on reducing energy costs and overheads such as travel and overtime. It brought back jobs in-house from contractors and worked on supply terms. By end-March 2009, the numbers were there for all to see: Corus had trimmed total costs by £700 million, or about a sixth.

That was only the first step. Starting April 2009, Tata Steel started recasting Corus's steelmaking schedules, pushing production of different

BIG SHOPPER INDIA

A snapshot of India's acquisitions just before the recession hit.



Source: BT Research

KOUSHIK CHATTERJEE Group CFO, Tata Steel

Corus had trimmed its total costs by £700 million, or about one-sixth, by March 2009

products to factories where it cost less, trimming staff and realigning its sales people to be better attuned to customer needs (the salesforce was earlier organised by product categories, not by customers). The work is paying off: Corus has returned to profitability in the last nine months and repaid debt of some $1 billion. And Tata Steel is no longer worrying over its own $3.5 billion expansion in India.

Tata Steel is not the contrarian among the ambitious acquirers of India Inc. Most of the big overseas buyouts (see *Big Shopper India*) made by some of India's largest companies just before the Western world slipped into recession seem to have turned the corner. "Most of the large outbound acquisitions made by Indian companies have given significant advantages in terms of size, scale, global reach, leadership positions," says Sanjay Bansal, Managing Director, Ambit Corporate Finance, a Mumbai-based investment bank. "Most of them have moved up from a leading position in domestic markets to a leading position globally."

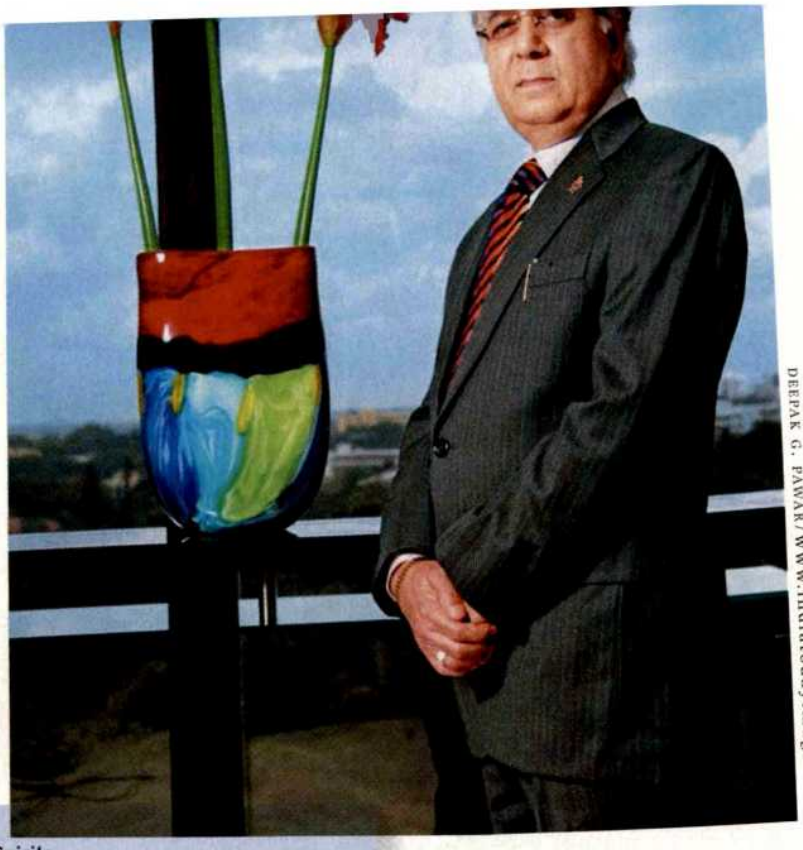
Novelis, which the Aditya Birla Group bought in February 2007 for $6 billion, seems to have rebounded so well that the Atlanta, United States-based manufacturer of rolled aluminium products plans to expand capacity. Its performance today reflects on the stock of Hindalco Industries, the Indian group's aluminium company. From around Rs 38 each in late grown four times to around Rs 163 — outpacing the BSE Sensex two times in the period. Hindalco reported record operating profits of $263 million in the quarter ended June 2010, and it has reserves of over $1 billion.

Not Just Commodities

If the turnaround of Hindalco-Novelis and Tata Steel-Corus can be attributed in part to the uptrend in commodity prices — aluminium prices are up over two-thirds since February 2009 and steel about 25 per cent since July 2009 — there is the example of United Spirits Ltd or USL, controlled by Vijay Mallya.

& Mackay made it the second-largest liquor company in the world by volume sales, as it took ownership of brands such as The Dalmore, Isle of Jura, Whyte & Mackay blended scotch, Vladivar and Glayva liqueur. "We got a basket of scotch brands catering to markets such as the US, Europe and the Middle East," says Vijay Rekhi, USL's President and MD. The acquisition also brought it an inventory of bulk scotch — some 96 million litres aged between three and 60 years — valued at £411 million today.

Finances at the United Breweries Group, with group asset Kingfisher Airlines bleeding cash and carrying debt of $2 billion, may still be under a cloud. But Whyte & Mackay, experts agree, has been a rock-solid buy. "For United Spirits, it would have been impossible to build such a huge inventory in such a short time span," says Harish H.V., Partner, National Management, at consultancy Grant Thornton India.



DEEPAK G. PAWAR/WWW.INDIATODAYIMAGES.COM

VIJAY REKHI President and MD, United Spirits

"We renegotiated terms with private label brands like Tesco and Asda to get a better share of profits"

Tata Motors, which bought the Jaguar and Land Rover (JLR) assets from the Ford Motor Company six months before the recession hit the US, has also reported promising numbers. Cost reduction measures begun in June 2008 and accelerated in September 2009, together with a 58 per cent increase in sales of JLR vehicles in the last three months has powered the consolidated net profit in the April-June 2010 quarter to Rs 1,989 crore, nearly double analysts' estimates. The consolidated figure includes Tata Motors and JLR. The automaker's stock is at a 20-year high.

Elsewhere, Imperial Energy has returned to the black after two years of cash losses, making the UK-listed oil explorer less of a heartburn for acquirer ONGC Videsh, the overseas arm of Oil and Natural Gas Corp. The initial months of the acquisition were jittery. Just four months into the acquisition, in December 2008, the entire economics of the $2.1-billion deal had changed, with crude oil prices falling below $50 a barrel from $120 in July that year when the bid was made. Returns on investment sank to between three and four per cent from 12.6 per cent.

"Although Imperial had proven and probable reserves of around 920 million barrels of oil equivalent, we cautiously decided to restudy all the 17 fields again and spread our investment over a longer period," says R.S. Butola, ONGC Videsh's Managing Director. Imperial today produces around 16,500 barrels per day (bpd), more than three times the 5,000 bpd it produced at the time of acquisition. The company, which had recorded cash losses of $40 million in 2007 and $100 million in 2008, posted cash profits of $9 million for the year-ended March 2010. It is now targeting an output of 25,000 bpd — expected to generate profits of around $30 million by March 2011. This is small change for ONGC, which reported net profits of $3.63 billion in the fiscal year gone by, but is an important overseas milestone nevertheless.

Then there is Wipro, the tech and back office outsourcer ranked third among its Indian peers by revenues. It had been managing information technology, or IT, infrastructure services for its clients in the US, Europe and Japan but hardly found itself on preferred-vendor lists when it came to IT managed services. "Customers were not very comfortable due to lack of end-to-end solutions," says K.R. Lakshminarayana, Wipro's Chief Strategy Officer.

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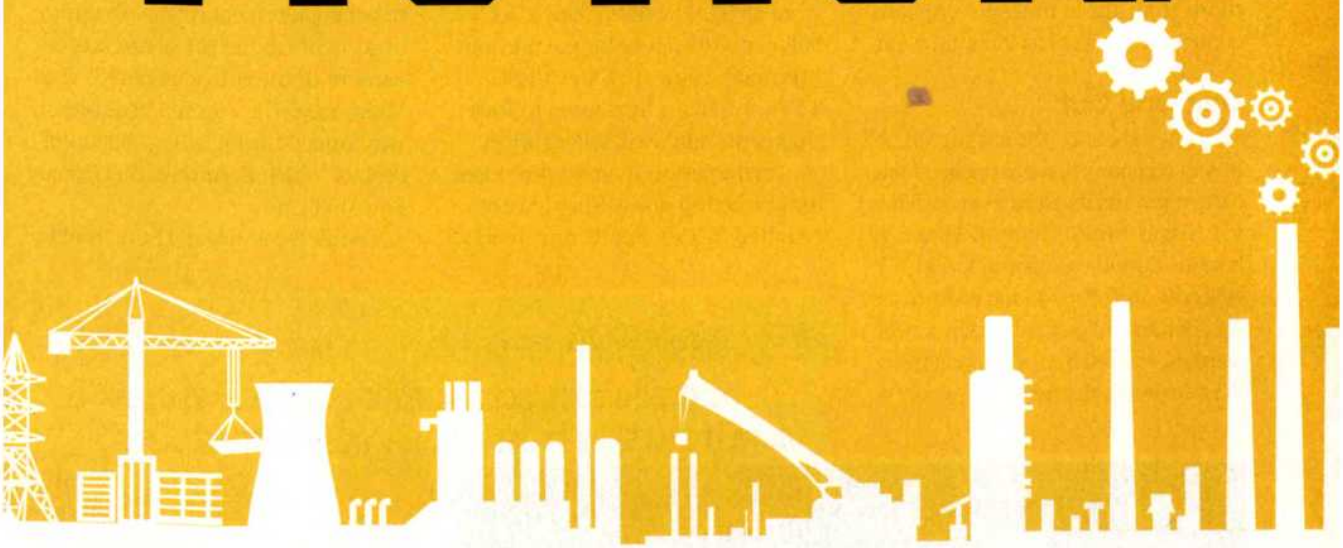

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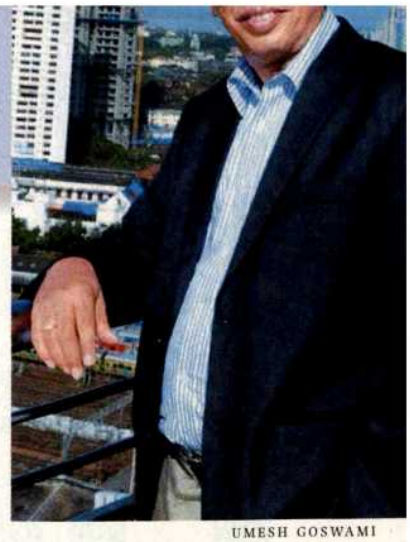
MALAY MUKHERJEE CEO, Essar Steel

"Steel demand has not shown major improvement yet due to uncertainty in the global markets"



UMESH GOSWAMI

The solution was the $600 million purchase of Infocrossing, which has helped Wipro register a 9.3 per cent growth in the IT infrastructure business in 2009-10 at a time when its overall revenues grew just 1.6 per cent. Infocrossing has been contributing to big deal wins, such as the healthcare programme run by the state of Missouri in the US. The average contract value for Infocrossing deals — ranging from $30 million to $400 million — is more than three times its previous contract sizes, says Lakshminarayana.

Odd One Out

There is, to be sure, the instance of an Indian company that has not been able to turn around its overseas acquisition yet: Essar Steel-Algoma. When it bought Canada's Algoma for $1.63 billion in April 2007 to add width to its flats-dominated product portfolio, steel demand was red hot, prompting Essar to raise production capacity to over 4 million tonnes from 2.4 million tonnes, all within a year.

But the downturn soon struck. "The prices of steel went down 50 per cent from $1,000 a tonne in 2007-08 to $500 in 2008-09," says Malay Mukherjee, who took over as Essar Steel's CEO in September 2009. Starting fourth quarter of financial year 2008-2009, sales and profits of Essar Steel Algoma have been on a slippery slope. For 2009-10, sales were at $1.41 billion, down $1.14 billion on the figure for the previous financial year, and net losses at $398.9 million attributed to lower shipments and weak selling prices.

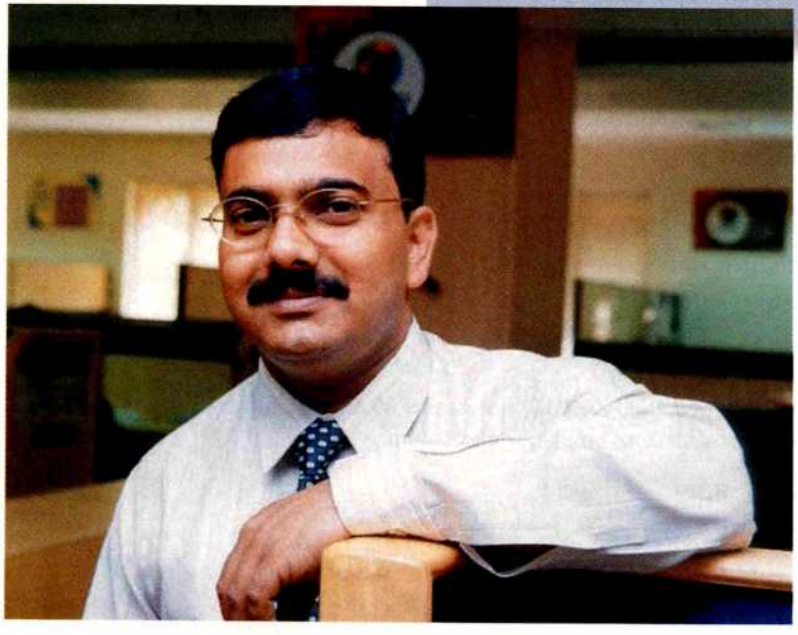
"In the past six months, steel prices have picked up slowly. They have now reached $650 per tonne levels. However, demand has not shown any major improvement yet mainly due to uncertainty in the global markets on account of the eurozone crisis," says Mukherjee. The Algoma acquisition was funded through $1.2 billion of debt, of which Essar Steel has repaid $400 million.

While Essar may not have trouble repaying the remaining debt, the big worry, say industry experts, is going to be refinancing some of the loans taken to finance the acquisitions. "In 2007-08, financing was not a big issue for companies with a debt equity ratio as high as 10:1. Today, companies even with debt equity ratio of 2:1 need to back their financing with more collateral," says Harish, the Grant Thornton partner.

With worries around a eurozone crisis and double-dip recession looming large, debt refinancing could be a hurdle for the Indian acquirers. But for now, the buyout brigade from India seems to have made it. In good shape. ⊙

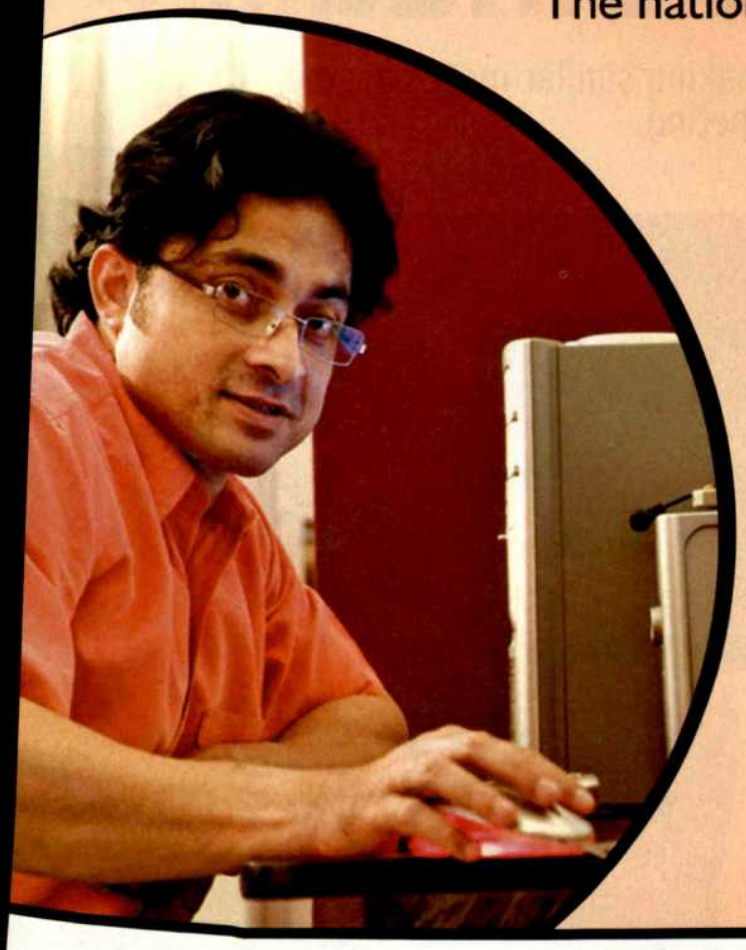
K. R. LAKSHMINARAYANA Chief Strategy Officer, Wipro

"The average contract value for Infocrossing deals is more than three times its previous contract sizes"



A nation is made when taxes are paid

The nation values your contribution, Mr. Bose



Mr. Subroto Bose is a Chartered Accountant in Kolkata.
For the past 10 years he has paid all his taxes honestly & on time.

His contribution has helped the government build roads, construct bridges, open more schools, provide medical facilities & overall contribute to the welfare of the nation.

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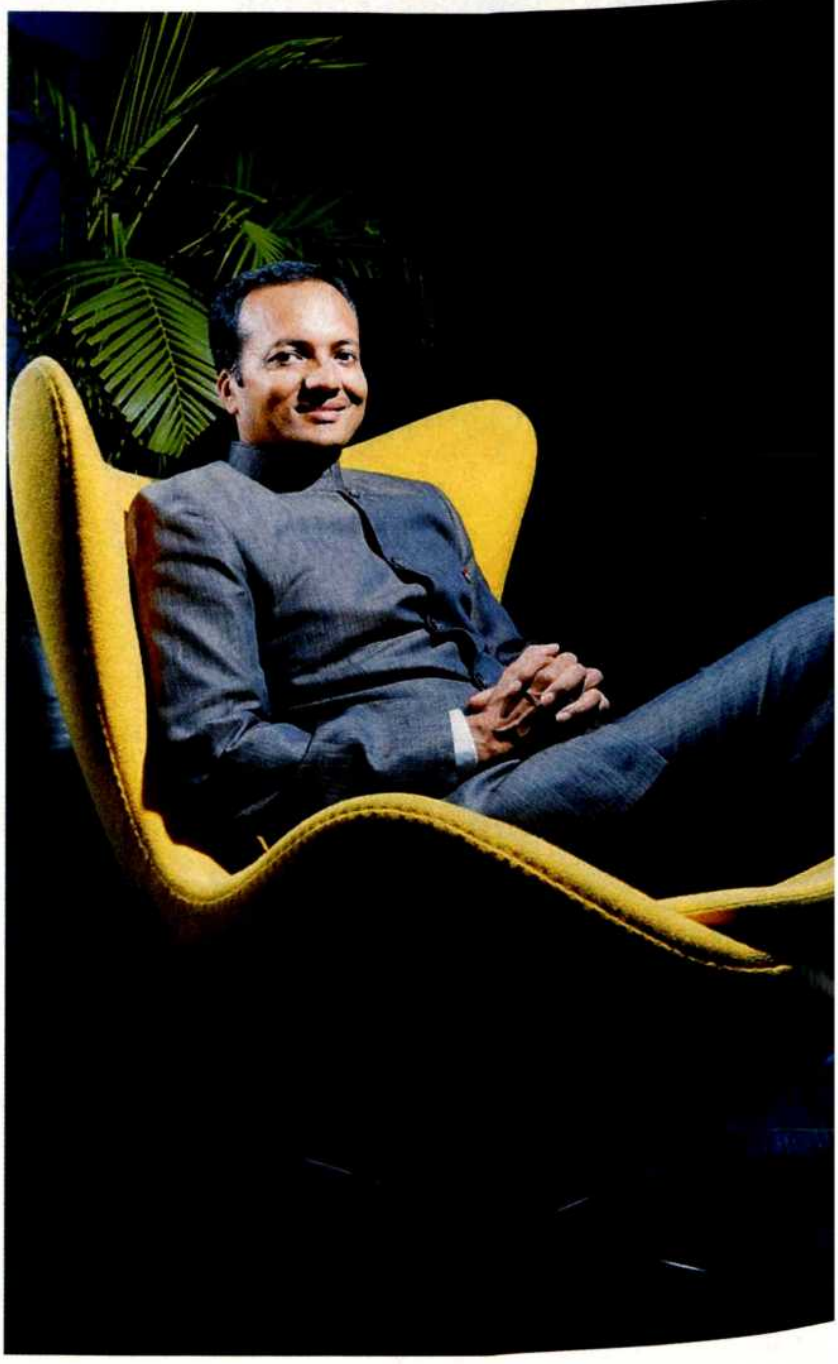
Jindal vs Jindal...or

Sajjan and Naveen Jindal are making similar moves in steel and power and may end up competing.

The Jindals of the O.P. Jindal Group aren't much different from most Indian business families. The patriarch, a farmer's son, began as a small-time bucket manufacturer in the Hisar district of Haryana. Today, the group is a $12-billion (Rs 55,200 crore) conglomerate, with steel as the flagship business. After Jindal Senior died in a helicopter crash in March 2005, the four brothers, Prithvi, Sajjan, Ratan and Naveen, came to the fore, each with a strategy to grow his share of the ample pie. The 60-year-old matriarch, Savitri Jindal, who is the Non-Executive Chairman of the group, binds the



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Naveen Jindal

Executive Vice Chairman & MD, Jindal Steel & Power Ltd

Businesses: Steel, Power, Petroleum & Cement

Group Market Value: Rs 58,000 crore*

Group Sales: Rs 11,158 crore^

Group Net Profits: Rs 3,363 crore^

Existing Steel Capacity: 3 mtpa^

Expansion Plans: 20 mtpa by 2016

Products: Long products, with some flats

Backward Integration: Looking for iron ore and coal mines to have a control over raw materials

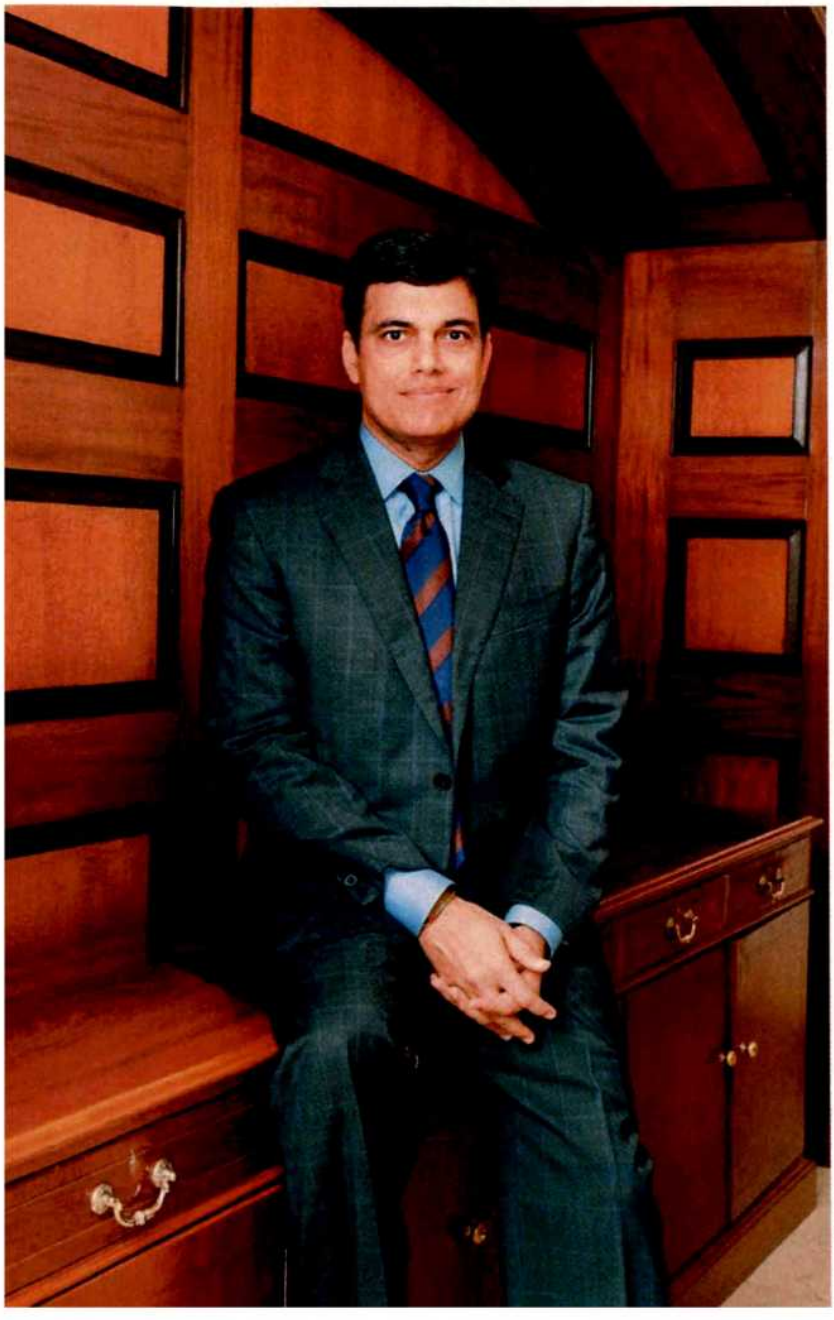
Power Generation Capacity: 1,354 MW^

Focus: Merchant sales, captive and long term PPA

Power Expansion: 11,500 MW by 2020

Jindal plus Jindal?

BY K.R.BALASUBRAMANYAM and ANAND ADHIKARI



RACHIT GOSW

family together. A sitting Congress MLA from Hisar who was the Minister of State for Revenue in the Haryana government until recently, Savitri is widely acknowledged as the wealthiest woman in India.

Like most business families, the four sons and their five sisters meet whenever they get an opportunity. The brothers meet at least three times a year at the family house in Hisar and at least twice in a month in Delhi, where three of them live—Sajjan lives in Mumbai. The most recent occasion when all the family members — brothers and sisters along with their spouses and children — got together was at the

Sajjan Jindal

Vice Chairman, JSW Group

Businesses: Steel, Power, Cement, Infrastructure, Aluminum & IT

Group Market Value: Rs 42,000 crore*

Group Sales: Rs 22,547 crore^

Group Net Profits: Rs 2,343 crore^

Existing Steel Capacity: 7.8 mtpa^

Expansion Plans: 32 mtpa by 2020

Products: Flat products, and some long products

Backward Integration: Hunting for iron ores and coal mines in India and abroad

Power Generation Capacity: 995 MW^

Focus: Merchant sales & captive

Power Expansion: 11,390 MW by 2016

wedding of Sajjan's daughter Tanvi in Florence, Italy, in early June.

So, what's so special about the O.P. Jindal Group? They're clearly not headed for a split, what with each brother having the largest holding in the part of the pie he manages, with the other three having smaller but proportionate stakes in the empires of the other brothers. As Sajjan Jindal, Vice Chairman, JSW Group, points out: "We are one family, we share a good equation and support each other. Each one is an owner in each other's industry." Example: If Sajjan has an 18 per cent stake (including nine per cent held by his mother, which Sajjan will eventually inherit) in JSW Steel, his brothers have nine per cent each in the company.

Unlike, say, RPG Enterprises, where the group is a single entity with the Goenka brothers, Harsh and Sanjiv, spearheading its management, each of the Jindal brothers has carved out his own space, largely in steel-related businesses. Eldest brother Prithvi, for instance, has SAW pipes, which are used to transport oil and gas, as his flagship business. Ratan has stainless steel as his chosen area of expertise (see *How the Four Brothers Stack Up*).

Now, take a glance at the activities of Sajjan and Naveen: Both have huge capacities in steel, Sajjan with 7.8 million tonnes per annum, or mtpa, and the youngest Jindal with 3 mtpa. Whilst so far Sajjan has been focused on flat steel (used to make automobiles, consumer durables, trains and ships), Naveen has been making largely long products (used to make railroads, bridges and wires). Now for the twist: Naveen plans to make flat products even as Sajjan starts making longs. Both brothers have earmarked ambitious expansion plans. Sajjan wants to hit 32 mtpa of steel by 2020, with roughly 40 per cent of that being long steel. Ultimately, Naveen wants to get to 34 mtpa with an intention of having more than one-third of the capacity as flat products. Alongside, both brothers are on the lookout for iron ore and coal mines, to gain control over raw material.

The overlap doesn't end there. The two also have a presence in power generation — Sajjan's JSW Energy has a generation capacity of 995 MW, which he plans to increase to 11,390 MW by 2016; and Naveen's flagship Jindal Steel & Power Ltd (JSPL) will be increasing its capacity from 1,354 MW to 11,500 MW by 2020. Both brothers want to be integrated players in power, right from generation to transmission & distribution to trading.

So, what gives? Well, one way to look at it is that both brothers have aggressive plans for steel and power simply because India needs a lot of both. Another way to look at it is that both brothers would have strategically planned their expansions on the basis of geography, with the plan that each brother address the markets' needs, region-wise. But then, as far as locations for new projects are concerned, both brothers — as indeed virtually all other steel majors — are eyeing the mineral-rich states of Karnataka, Orissa, Chhattisgarh and Jharkhand. Naveen recently met Orissa Chief Minister Naveen Patnaik to discuss setting up steel and power projects in the state involving an investment of over Rs 1 trillion. "I expect more than 90 per cent of our investments (over the next 10 years) to flow into the expansion of steel and power capacities," says Sushil Maroo, Director of JSPL.

Sajjan has 90 per cent of his investments in Karnataka — including a 6.8 million tonne integrated steel plant at Vijayanagar in Bellary district, spread over a 9,000-acre campus. But he will have to look beyond Karnakata to ensure he gets more iron ore. M.V.S. Seshagiri Rao, Joint Managing Director & Group CFO of JSW Steel, says the company today has 20 per cent of the iron ore requirement for its existing 7.8 mtpa capacity. "The idea is to go as high as 100 per cent," says Rao.

For the Jindals, it appears that family harmony is one thing, and the market place dynamics quite another. Sajjan isn't fazed by the prospect of competing with his younger brother. "There is no written rule that we cannot compete. If some of our products

How the Four Brothers Stack Up

PRITHVI JINDAL, 59 Vice Chairman, Jindal SAW Ltd

Description: Considered the group's flagship, Jindal SAW is one of the country's largest producers of SAW pipes, which are used for transportation of oil and gas

Turnover in 2009-10: Rs 6,974 crore

SAJJAN JINDAL, 51 Vice Chairman, JSW Group

Description: Other than steel, the group has interests in energy, minerals & mining, aluminium, infrastructure & logistics, cement and IT

Turnover in 2009-10: Rs 22,547 crore

RATAN JINDAL, 49 MD, Jindal Stainless Steel

Description: The largest integrated stainless steel company in India

Turnover in 2009-10: Rs 6,493 crore

NAVEEN JINDAL, 40 Executive Vice Chairman & MD, Jindal Steel & Power Ltd

Description: A presence in steel, power, mining, oil & gas and infrastructure

Turnover in 2009-10: Rs 11,158 crore

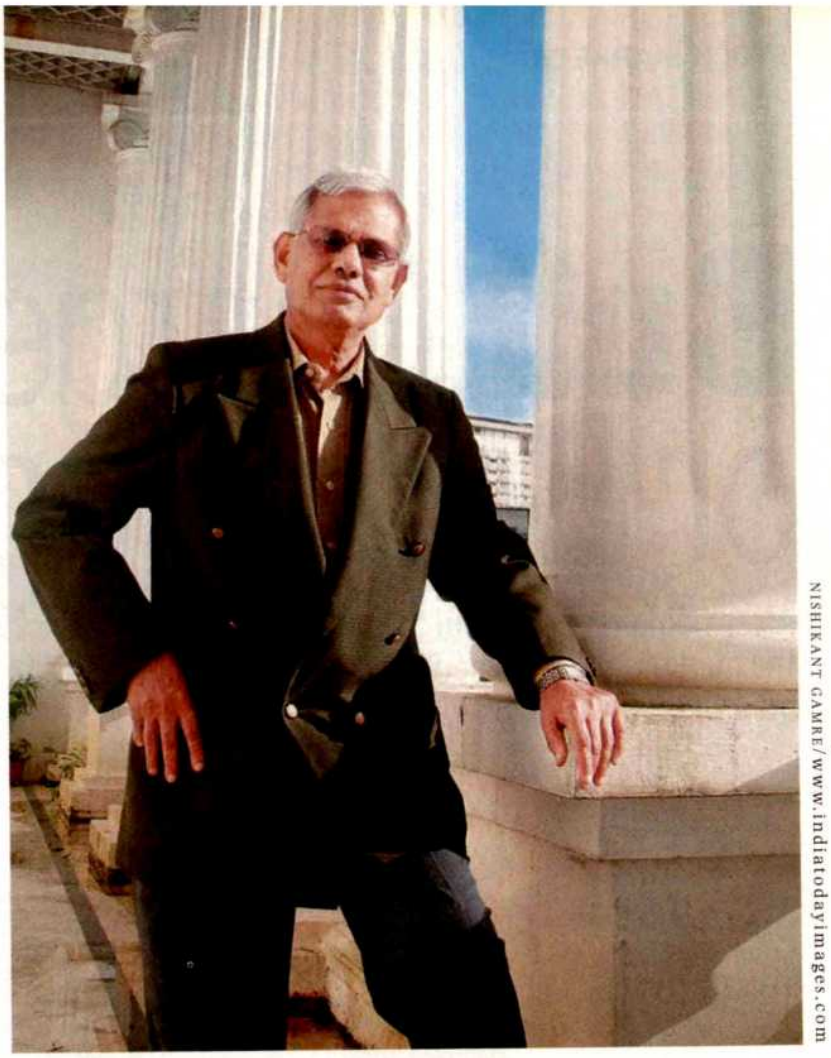
are competing in the marketplace, it does not matter. We compete openly. There is no restriction on each other," says Sajjan.

Yet, competition may be a rather obvious fallout of two brothers spotting opportunities in two high-growth sectors. As N.K. Jain, Vice Chairman, JSW Energy, says, rather matter-of-factly: "We compete because we are in the same businesses."

Now let's look at the two brothers' plans from another angle: Combine the planned capacities of the two in power generation and you're looking at a total upwards of 20,000 MW in five years. That would propel the O.P. Jindal Group amongst the top two private sector generators in the country, with only Anil Ambani's Reliance Power ahead of it (assuming all the proposed projects materialise). Similarly, in flat and long steel, the two brothers would have a combined capacity of over 60 mtpa in 10 years — substantial enough to take on the likes of Tata Steel, Steel Authority of India, ArcelorMittal (which is finalising its India game plan) and POSCO (assuming it finally manages to make progress in the country).

The huge capacities that are required to be put up in these two sectors — about 130 GW for power and about 55 million tonnes for steel by 2020 — could also enable the brothers to divvy up the domestic market, region-wise. Jindal Power Ltd (JPL), for instance, will be expanding its thermal power capacities in states such as Jharkhand, Orissa and Chhattisgarh with a hydro-electric unit slated to come up in Arunachal Pradesh. Sajjan's plants, via JSW Energy, will be located in Maharashtra, Rajasthan and Himachal Pradesh, besides the one already operational in Karnataka.

But clearly, it is steel that runs



NISHIKANT GAMRE/www.indiatodayimages.com

"We compete because we are in the same businesses"

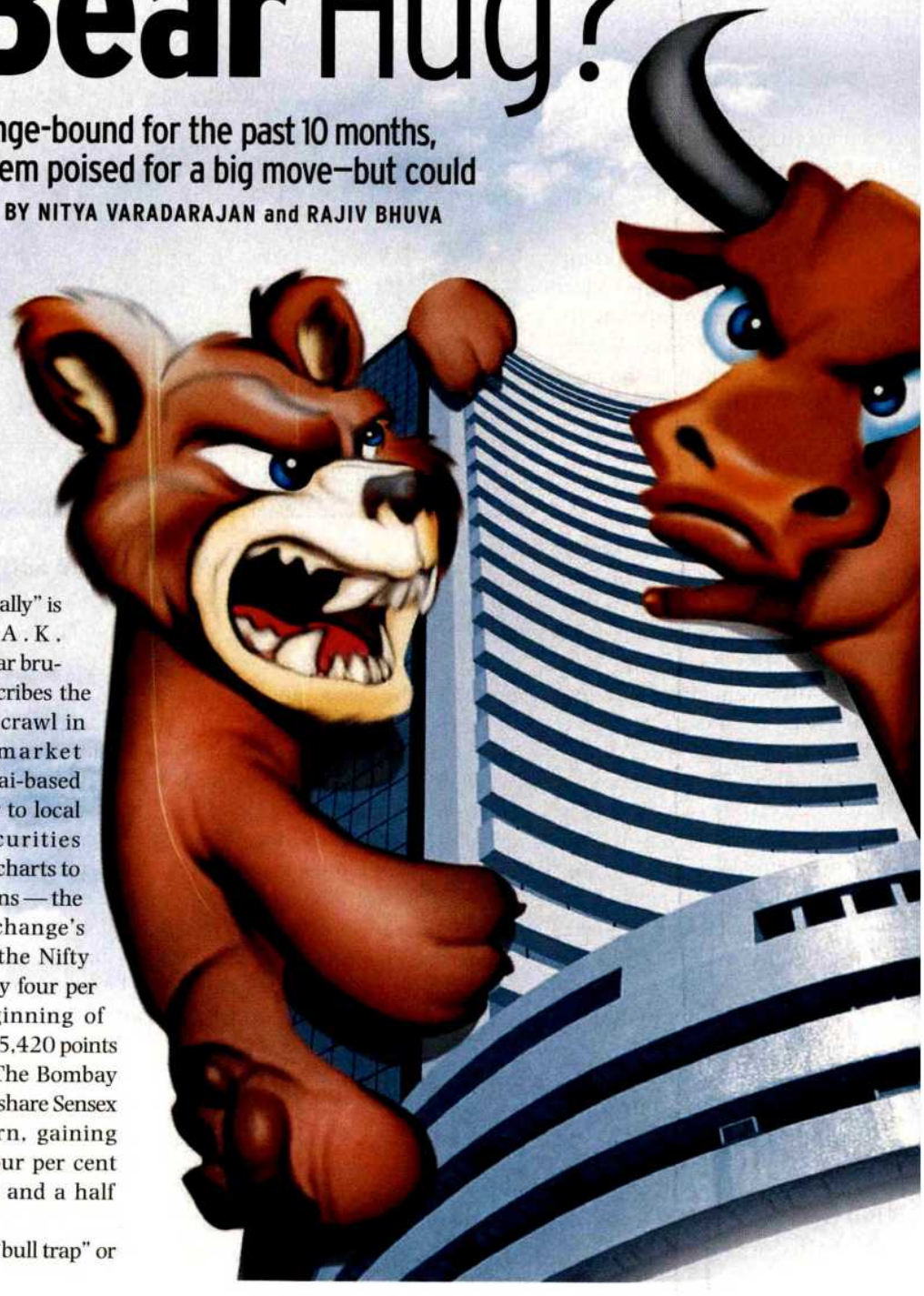
N.K. Jain Vice Chairman, JSW Energy

nobody epitomises that passion more than Sajjan, who commissioned his integrated steel plant in Vijayanagar way back in 1998. At least once a month he visits the complex, using the opportunity to fly his favourite four-seater CIRRUS SR22 aircraft. Last fortnight, the JSW Group chief took another step to strengthen his steel business when he inked a deal with JFE Steel of Japan, the world's fifth-largest steel producer. JFE will pick up a 14.99 per cent stake in JSW Steel for about Rs 5,700 crore. The money will help Sajjan bring down his debt from a level of Rs 16,000 crore. More importantly, he can now access the Japanese company's for cars — which carmakers are importing— thereby opening up a totally new market for JSW.

Analysts suggest that whether the two brothers end up competing or combining forces could well be determined by market conditions. For instance, a glut of steel globally will, perhaps, compel the brothers to fight it out for market share. However, as Ashok Jainani, Head of Research at Khandwala Securities, says: "The two groups could align if the United States's spending fuels growth and, thereby, demand for steel." The world could then be a huge market for the Jindals — huge enough for each brother to reign in regions

Bull Charge or **Bear** Hug?

After being range-bound for the past 10 months, the markets seem poised for a big move—but could go either way. BY NITYA VARADARAJAN and RAJIV BHUVA

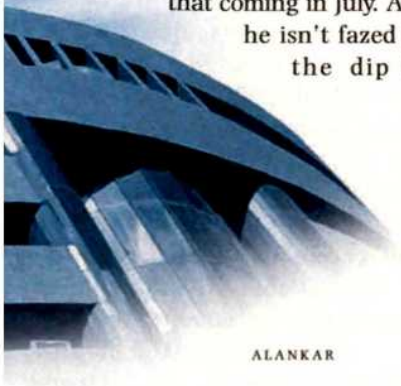


A "sucker rally" is how A.K. Prabhakar brutally describes the current crawl in stock market indices. The Chennai-based independent advisor to local and overseas securities houses points to the charts to explain what he means — the National Stock Exchange's benchmark index, the Nifty 50, has inched up by four per cent since the beginning of 2010, from 5,201 to 5,420 points (as of August 10). The Bombay Stock Exchange's 30-share Sensex mirrors that pattern, gaining slightly less than four per cent over the past seven and a half months.

Also known as a "bull trap" or

more colourfully a "dead cat bounce", a sucker rally isn't backed by fundamentals and lasts just long enough for the "suckers" to clamber on board, before petering out. In fact, Prabhakar doesn't just feel that the current upward movement will peter out; he believes it marks the onset of a bear market. And the techno-fundamentalist and economist pulls out some data from the past to back his claim. "Almost every two years since 2000, there has been a 20-25 per cent correction. This year, too, I expect one. I've noticed that when there has been excessive market growth in a year, the next year has been flat or even negative." (See *Time for a Fall?*) In 2009, the Indian markets rose by 84 per cent. Now, if you go by Prabhakar's pattern, there's a crushing bear hug ahead.

Cut to Sandip Sabharwal, Head of the Portfolio Management Services at Mumbai-headquartered brokerage Prabhudas Lilladher. Sabharwal expects the Sensex to hit 20,500 by December, a 13 per cent jump from current levels, and 17 per cent higher than at the beginning of the year. He's bullish because he expects flows from foreign institutional investors, or FIIs, to get even more robust. In 2010, the FIIs have so far poured $11.5 billion (Rs 52,900 crore) into Indian equities, $3.55 billion (Rs 16,330 crore) of that coming in July. And he isn't fazed by the dip in corporate profits in the April-June quarter. "When companies are recovering from a slowdown, they will focus on volume growth. Margins will stabilise as they go forward," says Sabharwal.



ALANKAR

This isn't an exercise to suggest that Mumbaikars are more optimistic than their southern brethren. Rather, these divergent views on the outlook for equities are a reflection of the perplexity that exists on The Street today as stock market gurus, investors and punters wrestle with that billion-dollar imponderable: Which way will the indices go?

Hello, Good Buys

D. Subbarao has of late emerged as an unlikely poster boy on Dalal Street. And that's because of the bullish sound bytes of the Reserve Bank of India (RBI) Governor during the July preview of the monetary policy. "The recovery process has consolidated and become more broadbased since April 2010," he said. "The strength of the recovery is also reflected in the sales and profitability growth of the corporate sector, with more investment intentions being translated into action across a range of sectors." Subbarao also believes that better farm prospects should lead to a pick-up in rural demand, thanks to a monsoon that appears better than the previous year's. Such slivers of good tidings culminated in the apex bank revising its projection for real GDP growth for 2010-11 to 8.5 per cent, up from its April projection of eight per cent.

Even the RBI's moves to rein in inflation by hiking the repo rate (the rate at which banks borrow from it) and reverse repo rate (the rate at which banks park their surplus liquidity with it) augur well for the stock markets. "Rising real policy rates in India are almost always accompanied by a rising stock market, unless global risk aversion increases dramatically," says Ritika Mankar, Economist with Execution Noble, a Mumbai-based

The Bull Case

▲ Reserve Bank of India raises growth forecast for 2010-11 to 8.5 per cent with an upward bias

▲ At the same time, the apex bank is proactively anchoring inflation

▲ Upswing in real policy rates is accompanied by gains in stock markets

▲ Whilst corporate margins have contracted due to higher input costs, volume growth is robust

▲ Better farm prospects should lead to a pick-up in rural demand

The Bear Case

▼ Markets have been range-bound for the past 10 months, with no triggers to suggest a breakout

▼ Reforms and policy directives have been few and far between

▼ Corporate margins will remain under pressure because of stiff competition from MNCs

▼ Indian markets are richly valued relative to most other global markets

▼ There's been a sharp run-up in penny stocks and small caps, which suggests price manipulation is rampant

difference between the reverse repo rate and the annual wholesale price index (WPI) inflation. Between April and October 2007, points out Mankar, the stock markets spurted by 51 per cent as the real policy interest rate rose from zero to three per cent. Similarly, between January and April 2006, they rose by 26 per cent as the real policy rate rose from 0.8 to 1.6 per cent. And once again, between May and August 2005, the markets headed northwards by 27 per cent as real policy rates rose from -0.5 to 1.3 per cent. The only notable exception was the 33 per cent decline between September 2008 and March 2009, despite rising real policy interest rates — an exceptional period of global turmoil on the back of the credit crisis and the ensuing risk aversion.

"The market is likely to reach higher levels before a sell-off happens"

RIDHAM DESAI, India Strategist, Morgan Stanley

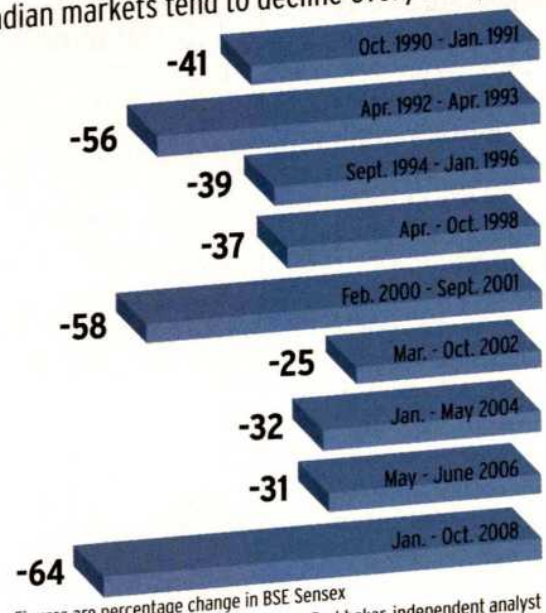
What's keeping the bears awake at night are the forward price-earnings multiples (P/Es): 15.5 based on 2010-11 financial year and 13.1 for the subsequent year, according to a July report put out by Religare Securities. "(These multiples) ...would look meaningful if India can sustain a 20 per cent earnings growth," say the analysts in that report. In the first quarter of 2010-11, earnings of 2,687 listed companies were 8.9 per cent lower than a year ago; in the second quarter, the picture may be brighter, but 20 per cent growth may elude quite a few companies. The key to robust earnings will be how commodity prices pan out over the next nine months, say the Religare analysts. As of today, the scenario looks subdued, with prices of aluminium, zinc, steel and iron ore down by approximately 20 per cent from the highs they reached in January and March this year.

Meantime, the projections keep pouring in — most of them coated with caution and doing few favours to either bear or bull. Says D.D. Sharma, Senior Vice President of Anand Rathi Securities: "A correction is a possibility, but I am not bearish." Adds Ajay Parmar, Institutional Head for Equities at Emkay Global Financial Services: "If there is a rally, it will be liquidity-based and based less on fundamentals...It is wise to book profits now." Pipes in Hemang Jani, Head of Equities at Sharekhan.com: "I expect consolidation to take place now but the next bull run will happen in 2011-12."

Clearly, the chances of a spectacular crash are remote, as are the chances of a gung-ho bull charge. Ridham Desai, Morgan Stanley's India Strategist and Head of India Research, summed it up best when he wrote in an August research note: "The market is likely to reach higher levels before a sell-off happens. History tells us that we may have to wait another year or for another 50 per cent rise in index levels before tail risks play out." Translation: Be a bull or a bear, but you don't need to be chicken either, driven more by fear than greed. Yet, the worst animal on the farm at such a time could well be the pig, or a high-risk greedy punter. For, as the adage goes: Bulls make money, bears make money, but pigs just get slaughtered. ⊙

Time for a Fall?

Indian markets tend to decline every two years



Figures are percentage change in BSE Sensex

Source: A.K. Prabhakar, independent analyst

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THE TeNeT CONUNDRUM

The incubating arm of IIT-Madras is a clear favourite among wannabe entrepreneurs despite the fact that the firms it has hand-held so far have not made it big.

BY NITYA VARADARAJAN

TeNeT's circle of entrepreneurs: Sitting (L to R): **Aswanth G** of DesiCrew Solutions, and **N. Narasimma Prasad,** Founder of TRAYI or Training & Research to Advance Youth in India. Standing (L to R): **Foram Mehta** of DesiCrew Solutions, **Ravi Saraogi,** Co-founder, Uniphore Software, and **Vipul Sirohi, Ruhi Munjial and, Robin Mathew** from et interactive

PHOTOGRAPHS BY H.K. RAJASEKAR

It can't boast of having incubated a Google or, for that matter, a MindTree Consulting closer home. But that has not diminished its popularity among wannabe entrepreneurs. Instead, it finds itself in ever greater demand thanks to the success of its 2006 business incubation initiative, RTBi, or Rural Technology Business Incubation, which focuses on connecting rural India to buyers.

It is TeNeT, short for Telecommunications and Net-working Group, that we are talking about, a loosely-structured body that three professors of the Indian Institute of Technology, Madras — Ashok Jhunjhunwala, Bhaskar Ramamurthi and Timothy Gonsalves — set up in 1994 to help entrepreneurs stand on their feet. It has so far incubated 27 outfits, including 15 under RTBi — the most by a business incubator of its kind.

N.N. Sreejith, 33, is a typical TeNeT beneficiary. He was engaged in a microfinance initiative near Madurai when the entrepreneurial bug bit him. "I could see that the rural sector had specialised skill sets which could be marketed to the urban areas, but I did not know how to go about it," he says. A meeting with Jhunjhunwala set out the path.

In 2007, Jhunjhunwala and his TeNeT colleagues helped evolve a rural manufacturing business model. The result was ROPE, or Rural Outsourced Production Enterprise, which posted a turnover of Rs 1.5 crore in 2009-10 and is close to breaking even. "I would have eventually become an entrepreneur, but it would have taken years without TeNeT's help," Sreejith says.

Sajina Rajesh, 29, began as an employee of RTBi, but decided to become an entrepreneur herself in December 2008. She created a tailoring model in which bulk orders are taken from cities and sent to small towns for execution. Today, with a turnover of Rs 2 lakh a month, she is able to earn a neat profit of 20 per cent after paying for all expenses.

Along with the likes of Sreejith and Rajesh, RTBi has also grown. "In the last three years we have incubated 15 companies," says Jhunjhunwala, adding that TeNeT has set up a technology park for the purpose. Others in the RTBi portfolio include DesiCrew Solutions, a rural business process outsourcing outfit, AAUM, a provider of research and analytics on rural markets, Arogyam Organics, which markets organic rural foods, and eJeevika, a rural placement agency.

While TeNeT has managed to impress entrepreneurs with its initial support and guidance, its record in helping scale up their businesses has been rather poor. TeNeT has been around for more than 16 years, but none of the dozen businesses it incubated earlier — outside the RTBi — has scaled up in a sizeable manner.

The first company that TeNeT helped get off the ground, wireless and broadband telecom equipment maker Midas Communications, managed to grow sales to Rs 500 crore in 2005. But bad business decisions led to a revenue decline. Midas is unwilling to share its latest turnover figures, but people in the know put it at well below Rs 100 crore.

Also, even though no one wants to talk of the cumulative revenues of businesses incubated by TeNeT earlier, most entrepreneurs in the network agree to a figure of just Rs 100-110 crore. In effect, other than Midas, most companies in the TeNeT portfolio have not delivered.

Where did TeNeT go wrong? "Technocrat entrepreneurs sometimes have to be shoved into the pool to think business-like. Quite often, they focus too much on technology, which is their true passion," points out Midas CEO Shirish Purohit, adding that TeNeT's professors never learnt to give that push.

The go-to market approach of TeNeT companies, too, was long-winded. And even those that did get the first customers got stuck somewhere. For instance, Midas took more than 11 years to scale. Some of the others that look very promising today, such as Vortex, which makes rural ATMs, took two years to even arrive at the pre-incubation advisory stage, and business models changed midway, pushing the product development further behind.

Then, some of the products were far ahead of their time. Midas produced the nearest equivalent of broadband Wi-Max in 1996. Novatium was ready with an inexpensive computing solution in 2006, which had a remote server managing office and home computers — today's retail-oriented cloud solution.

Equally critical is the capital back-up. It is estimated that TeNeT through funding agencies has put around Rs 3 crore as seed capital for the initial crop of 10 companies. "If the entrepreneur is continually worried about funds, he won't be able to

TeNeT's Successes...

- **Has incubated "product" entrepreneurs with very good ideas**
- **Provided world-class technical guidance**
- **Has clear focus on technology products, building of IP**

... And Its Failures

- **Becomes the crutch instead of giving the sorely-needed shove**
- **Poor guidance on business aspects vital to a start-up**
- **Entrepreneurs not scrutinised objectively before selection**
- **Still lacks a hierarchical structure — controls inspire confidence**

Ashok Jhunjhunwala, Co-founder, TeNeT

"We started n-Logue Communications without looking at market conditions..... we refused to pause, and instead overexpanded"

good products," says Sudhir Sethi, Chairman and Managing Director of IDG Ventures. The funding, ideally, should be large enough to pay for the initial mistakes and getting the right team in place, he says. For example, Aujas Networks and ConnectM, two product design companies incubated by IDG Ventures, got funding of $3 million and $10 million, respectively, which helped both in the marketplace.

Amit Agarwala, CEO of Amdale Software, a successful product of TeNeT, feels that TeNeT's failing is that it does not have a structure for entrepreneurs to tap into. While the expertise is there for the asking, sometimes the entrepreneur doesn't even know what to ask. "There are no templated answers or frequently asked questions (or FAQs). This is important for a start-up, so that the wheel does not have to be reinvented each time," he says.

The lessons have not been lost on TeNeT's founders. Jhunjhunwala learnt that passion alone does not get you business success. And learnt this the hard way, when his pet project, n-Logue Communications, aimed at improving rural communications and enterprises, went to pieces. "We started it without looking at market conditions and hoping that everything would work out. When the environment did not improve, we refused to pause, and instead over-expanded our rural kiosks network," he recalls.

The other learning was that products should provide value through innovation and not just lower costs. "Multinationals simply bring down costs (after we launch) while our own costs go up with additional features," says Ramamurthi, who had witnessed the death of an excellent pulse oxymeter developed by a colleague because the MNC in the field lowered costs.

R. Ramaraj, President of the Chennai chapter of The Indus Entrepreneurs, and Senior Advisor, Sequoia Capital, says: "Incubators should never...micromanage matters for entrepreneurs." This is something Jhunjhunwala admits to learning, when he says: "We don't interfere as much as we did in the past."

Fortunately, many of the factors that had hampered entrepreneurial growth are starting to get addressed at RTBi, the rural incubation initiative at TeNeT. Even there, much more needs to be done. ROPE's Sreejith, for example, would like the bond between him and RTBi to be more formal — and thus more committed — which would only happen if RTBi raises its own funds and backs him when he needs further resources.

Alok Singh, CEO of Novatium, is a die-hard TeNeT loyalist. "TeNeT has certain limitations, but I would still rate it among the best incubators in the country and recommend others to it," he says. Every entrepreneur, he says, has to understand that after the incubation he is entirely responsible for his company — it is his baby and not TeNeT's.

The eco-system of TeNeT today is definitely in place through sheer toil and trial and error. What could see it through is the passion of Jhunjhunwala and his team. "(He) truly inspires youngsters, particularly in RTBi. They get motivated when they realise that their entrepreneurship will also benefit a larger fabric of society," says Vijay Babu, CEO of Vortex. Babu had set up the successful iSoftTech with TeNeT's help but opted to sell out in 2006.

In the years ahead, that advantage and its lessons from past mistakes could help TeNeT in its stated mission of creating a couple of billion-dollar companies from ground up. India's most storied incubator would have delivered then. ⊙

The Seven Habits...
...of a highly effective incubator

1. Aim for the best combination of entrepreneur plus idea
2. Incubate new entrepreneurs along with mature ones
3. Have a focus, but don't be too narrow
4. Selection by entrepreneurs, investors and academics
5. Help entrepreneur get the right team, product, pricing
6. Incubator should arange enough initial capital
7. Prepare the company to get the next round of capital

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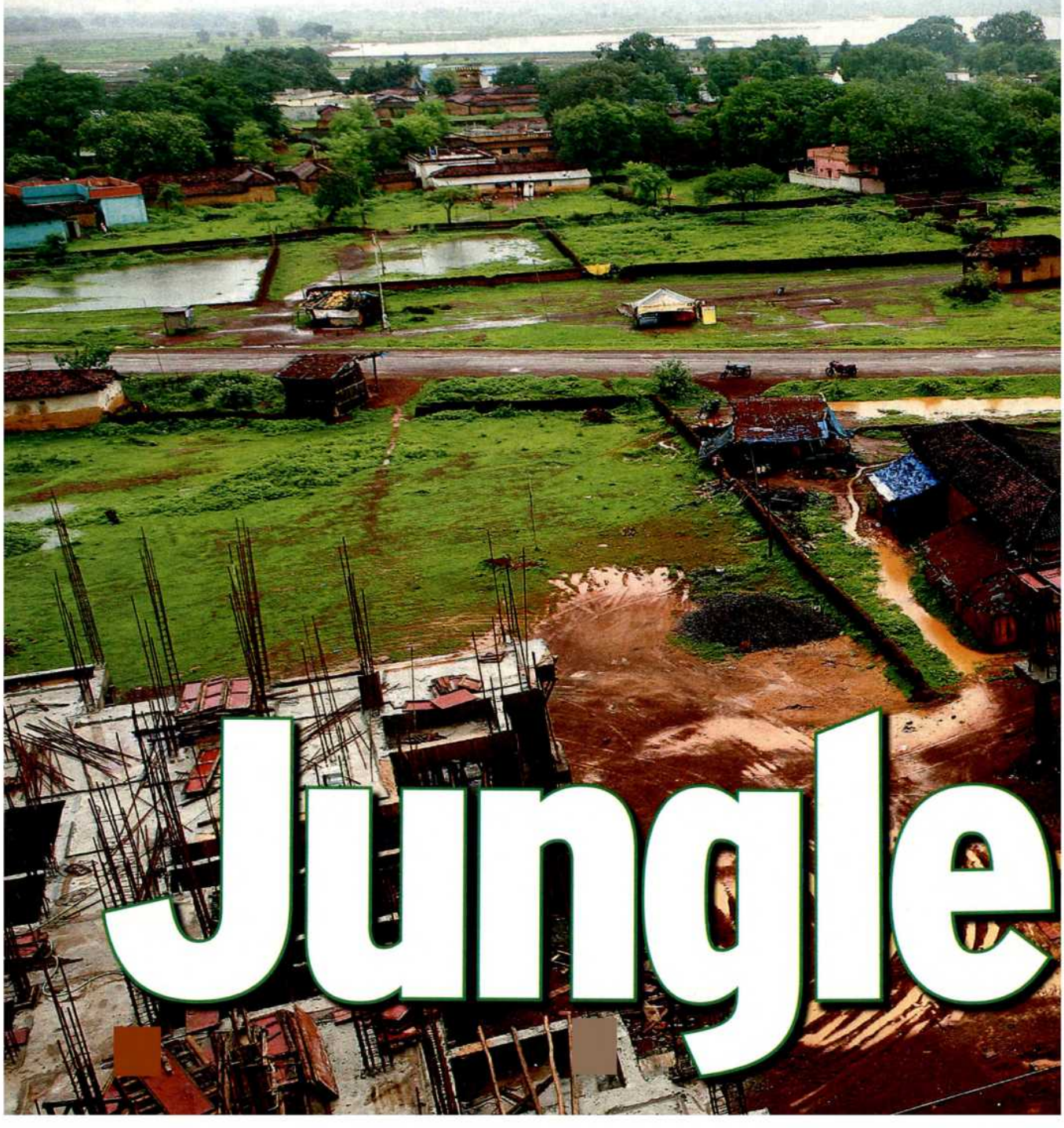
Jungle

urban sprawl or a city of the future? Kushan Mitra and Money Sharma **travel to the heart of India to take a look.**

Palod's villagers are worried. The village is an example of rural India's success story: brick and concrete houses, rooftops flaunting television dish-antennas and new malls with multiplexes a drive away along National Highway 6, India's east-west artery. No signs of the poverty or isolation that has enabled Maoists to gain a stranglehold on India's mineral-rich heartland, in which Palod lies.

But the village is located just 20 km outside Raipur, a district town that has been masquerading as a capital since Chhattisgarh was formed 10 years ago — and that's why the villagers are worried. The



state is building a new capital almost touching Palod, and it could mean the end of farming and fishing.

The first residents of Naya Raipur, or New Raipur, will move in by 2013, two years after the government shifts into India's first "green" secretariat. And farmers ploughing the iron-rich red earth for paddy could find themselves next to a special economic zone for information technology.

"We don't know what will happen to us...the government has given us fair compensation for land but not before some arguments. But we are all paddy farmers, we don't know anything else," says Ram, a village elder.

Back in Raipur, at the office of the Naya Raipur Development Authority, CEO S.S. Bajaj is a relaxed man. Land acquisition problems had delayed the project by two years till the promised compensation was raised.

"Our chief minister intervened to

City

Concrete forest: The first residential units coming up at Naya Raipur, right

Horn, please
Buffaloes stroll on tomorrow's High Street

give the villagers a much higher compensation than the value of the land," says Bajaj. To get reluctant farmers to move, Chief Minister Raman Singh raised it to Rs 6 lakh an acre, six times the NRDA rate.

Of the 20,000 acres needed for the project, only a fifth had to be acquired from private owners; the rest was already in government hands.

"The villagers should not worry," says Bajaj, adding, "There will be paddy fields abutting the city in a green strip where we have banned commercial development. We will also build a dairy zone where we'll process milk."

Unlike today's urban sprawls that eat up adjoining farmland and have to depend on ever-lengthening food supply chains, the new capital will get most of its food from its suburbs.

P. Joy Oommen, the state's chief secretary and chairman of the NRDA, says: "Naya Raipur attempts to create a modern and livable city that will be economically, socially and environmentaly sustainable."

Among the goodies: a gravity based water-supply system, with a ban on bore-wells, recycled sewage water for use in construction and watering the greens (a quarter of the city's area), a bus rapid transit system, and even a light rail system.

Naya Raipur will be built and populated in three phases, with lessons being learnt primarily from Chandigarh, built in the 1950s. The first phase will be ready in 2013; by the third phase, in 2031, the city will have 560,000 residents and a workforce of 200,000-plus.

The City and Industrial Development Corp of Maharashtra, or CIDCO, which created Navi Mumbai on the outskirts of Mumbai in the 1970s, has done Naya Raipur's planning. The Chhattisgarh Housing Board will look after housing. "We want this city to reach out to all sections," says Bajaj.

WHAT'S NEW

- Farm and dairy belt next to city
- Ban on borewells from Day 1
- Recycled water for city greens
- Extensive use of solar power
- Bus rapid transit system

WHAT'S NOT

- Faceless government architecture
- Concrete colonies and bungalows
- No dedicated cycle tracks
- Dreams of light rail system

"We do not want urban slums."

The first phase is expected to cost Rs 3,000 crore, which the NRDA has borrowed from the state. It hopes to pay it back by selling development rights and with revenues from public-private partnership (PPP) models for utilities, transport, an amusement area, a sports arena and an IT zone.

"The right development model is to get the private sector involved," claims Bajaj. None of the PPP projects have been tendered yet; the water and sewage systems projects could be tendered next year.

Naya Raipur will also be the location for several educational institutions offered by the Union government. An Indian Institute of Management will come up near the capital, while the Hidayatullah National Law College is already functioning. "The idea is that the children of villagers will have access to the same schools as the city's residents," says Bajaj. "We will give them the facilities that they have lacked for decades...we want development."

That seems to be the only glimmer of light the villagers can see through the concrete sprawl rising up around them. "I hope my grandchildren have a better life in the new city," says Ram, the Palod village elder.

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"Naya Raipur will be What Navi Mumbai is to Mumbai"

The Chief Minister of Chhattisgarh, Raman Singh, has been in the news lately for all the wrong reasons thanks to the deadly Naxal attacks in Dantewada and elsewhere in the state. Yet, he believes that the new capital city planned for the state will boost the image of Chhattisgarh and its economy. Excerpts of an interview with Kushan Mitra.

What do you feel Naya Raipur will do for Chhattisgarh?

There was an obvious need for the new city when the state of Chhattisgarh was created in 2000. Various government departments are all over the city of Raipur, and we needed to centralise all those offices. People who come from other parts of the state to get work done have to drive all over the city wasting their time and money. But Naya Raipur is not totally a new city; it is more an extension of the present city, like Navi Mumbai is to Mumbai. It will allow the city to expand but also give people access to well-developed infrastructure rather than the haphazard expansion that other cities have seen. There will be proper water, sewage, electricity, local transport and the city will be eco-friendly. We will have large-scale use of solar-power and the entire water-system will be driven by gravity.

Do you think Naya Raipur will attract the services sector, particularly in information technology (IT) as Chhattisgarh is mainly an upstream manufacturing state?

Recently I travelled to Hyderabad, Bangalore and Chennai and I met many people from the IT sector. They asked me several questions about the number of educational institutes and airport connectivity. We have several engineering colleges in and around Raipur and we are also promising the IT sector a dedicated area on the edge of Naya Raipur close to the airport. We will make sure that the city attracts companies in sectors that are needed for the state's development.

Several villages come inside the construction area of the city. What about the displacement of people?

We have ensured that all but one village stays in its place. For the village that was demolished, Rakhi, we have given the residents a proper rehabilitation plan inside the city itself.

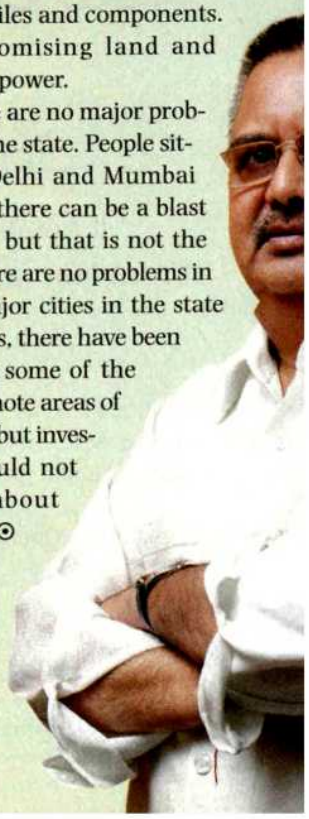
But some villagers are still unsure of what the city will do to their traditional agricultural way of living?

I feel that once the capital comes up, the business opportunities for these villagers will increase. We are planning areas where they can sell their produce as well as process it. A special zone for the dairy industry is also in the plan. We are also putting up schools for their children as well as a world-class hospital that they can go to. We are also providing them with the same facilities as other city residents. As the city builds up, there will also be bus and rail connectivity, which will give the villagers opportunities to sell their goods outside the town. I feel that the city will improve the prospects of their children more than anything else.

Do you think potential investors will be scared off by Left-wing extremist attacks in the state? What can you do to reassure investors?

I do not think that investors have been scared off. In fact, I have been rejecting proposals for power, steel and aluminium and have over 250 proposals pending with me. I have 90 proposals for power plants, 60 for steel and 74 for cement plants. I want investment in the IT and services sector and downstream manufacturing sectors such as automobiles and components. I am promising land and 24-hour power.

There are no major problems in the state. People sitting in Delhi and Mumbai feel that there can be a blast anytime, but that is not the case. There are no problems in other major cities in the state either. Yes, there have been issues in some of the more remote areas of the state but investors should not worry about attacks. ⊙



RAMAN SINGH, Chief Minister, Chhattisgarh

"Naya Raipur will allow the city to expand but also give people access to well-developed infrastructure..."

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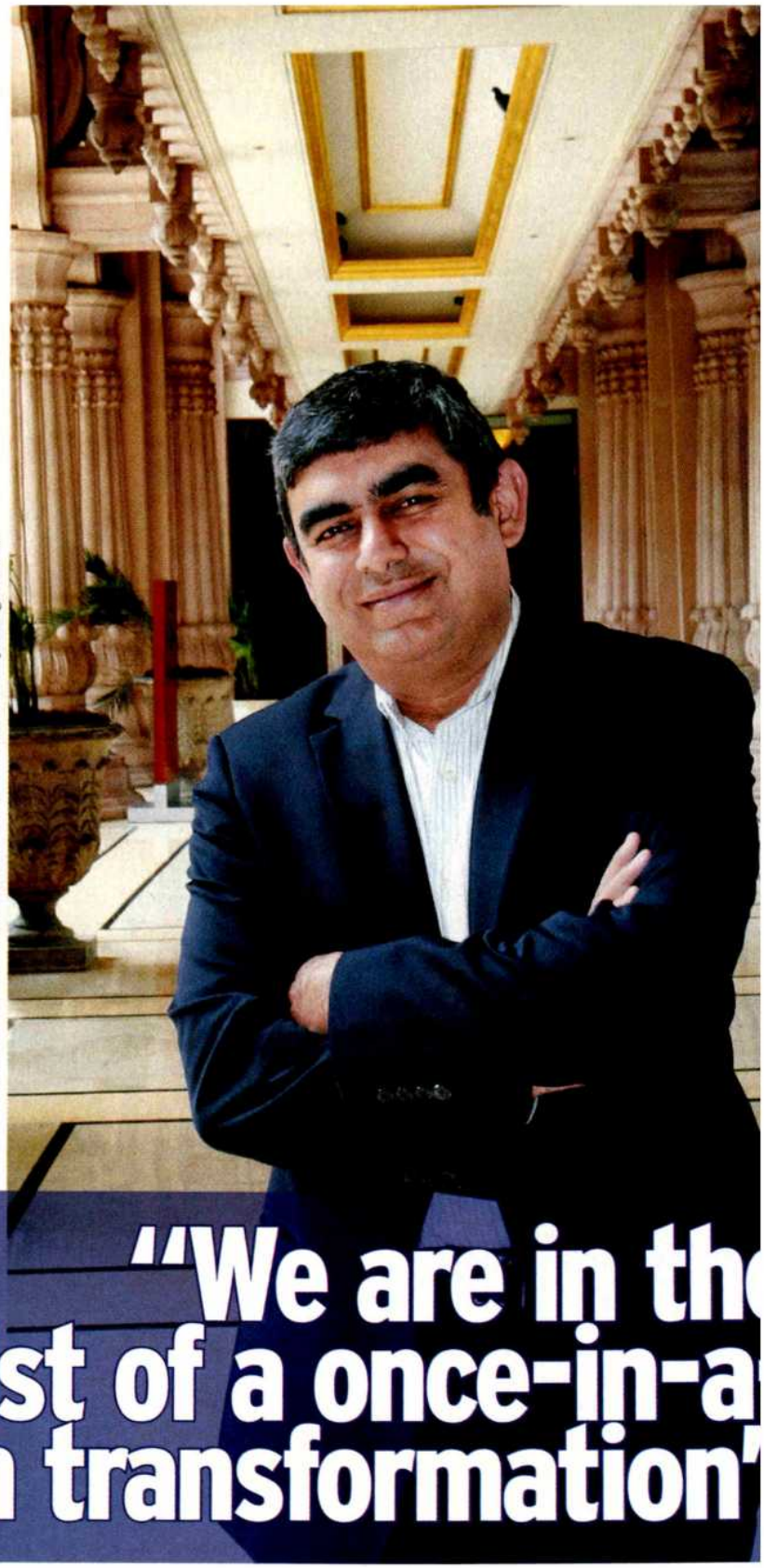
"We are in the midst of a once-in-a generation transformation"

Over the past four decades, SAP established itself as the proverbial 800-pound gorilla of the enterprise software market, despite competition from the likes of Microsoft and Oracle. However, its dominance has been undermined by new competitors such as salesforce.com, whose platforms are run off the Internet (or on the cloud as it's called) and are being adopted rapidly by mid-tier and small enterprises. SAP's own cloud-based platform has been delayed and the company's board reacted sharply, ending former CEO Leo Apotheker's contract and reverting to a joint CEO model with Bill McDermott and Jim Hagemann Snabe.

SAP's rivals haven't been shy of baiting a stuttering giant, with Larry Ellison, founder of arch-rival Oracle, calling the company's latest in-memory technology (which seeks to lower costs by storing data on the latest memory chips) "wacko, ridiculous, complete nonsense". The board turned to India-born **VISHAL SIKKA**, *SAP's Chief Technology Officer, to overhaul product lines and help revitalise the Walldorf, Germany-based company, which reported reveneus of $14.1 billion in 2009. Sikka talks to* BT*'s* **RAHUL SACHITANAND** *about his plans. Edited excerpts:*



PHOTOGRAPHS BY DEEPAK G. PAWAR/www.indiatodayimages.com

Vishal Sikka, 43

FAMILY: Wife, two daughters EDUCATION: Ph.D from Stanford WORK EXPERIENCE: Bodha (his start-up), Peregrine Systems
PASSIONS: Reading and cooking – loves to bake breads from around the world

SAP has recently reverted to a joint CEO model and elevated you to the board. What is the new SAP about?

I think the technology world is going through a once-in-a-generation transformation. For us, this transformation happened at the same time as the top leadership was changing. A generation of leaders had left the company and we have just begun to emerge from the economic slowdown. We had a new board, with new CEOs and two new board members. In many ways we are going back to our roots of innovation. There is now a lot of difference in speed and innovation; we are talking about delivering products in six month cycles, not years. We focus on agile and lean software development technologies. We are getting rid of the bureaucracy and power point culture across the company. We've made aggressive acquisitions of Sybase and Business Objects to double our addressable market from $110 billion to $220 billion.

In terms of product innovation, especially in cloud computing, do you think SAP was slower to catch on?

There was a delay in the mapped release of our platform called Business ByDesign. However, I would not say we were late in realising the potential of the cloud. We have taken our time to understand what cloud transformation is all about. There is a major disruption towards mobility. This is backed by larger, more efficient, and easy to operate data centres and a massive improvement in hardware and processing capabilities.

What does working on a cloud mean for your customers?

We believe medium-size enterprises can run their entire business from the cloud not just small pieces like salesforce automation but entire critical business processes. Larger enterprises, however, will continue to have on-premise software systems. There will be complementary solutions. I think companies such as salesforce.com have been quite successful and that is admirable. Every once in a while when you cover a geography as large as ours — every business process across 120 countries — there are some gaps for some companies for a few years.

Where does this place SAP?

We are the leader in enterprise applications. However, we don't believe in owning a huge, inter-galactic stack of software applications. Customer landscapes are heterogeneous. They never have a landscape of one company's products. We work with an ecosystem of companies. We don't believe in buying second grade hardware companies.

Everyone else seems to be talking of consolidation...

This happens every once in a while. I have never met a customer who standardised the stack. We don't believe this is the correct direction. There is a unique opportunity to provide value to customers. We are good partners with Oracle — we run Oracle databases and use Java, too, even though they are our biggest rivals. We are happy being the best at enterprise applications.

Can you define the technology focus at SAP for us?

If you are the world's largest provider of enterprise applications, the size of the platform to serve these applications has unique dimensions. We have learned over the past 38 years that software needs to be interoperable, often across generations. We believe that continuity and coherence is a fundamental need — our customers like to evolve, but without disruptions. You need the ability to serve applications without disruptions. Computing advances (across memory and processing power) allow us to, for example, analyse a retail firm's data in real time, using not

SAP's TOUGH TIMES

- In February 2010, the company reverted to its joint CEO structure, after deciding not to renew Chief Executive Leo Apotheker's contract
- Co-founder and tech visionary Hasso Plattner moves away in early 2010 from day-to-day responsibilities, causing more changes in the top management
- The company's cloud-based platform called ByDesign was two years behind schedule
- Upstarts such as salesforce.com benefit from this delay, poaching customers

real-time data. We have rewritten the data management software, unlike database vendors, whose technology is at least 20 years old.

Where does India fit in?
India is a fundamental part of SAP.

Vishal Sikka with V.R. Ferose (R), Managing Director, SAP Labs India

Not only in the lab — which employs 4,000 people — but as a market. Indian companies are growing into global corporations and we are helping them grow with our software. The lab in India (SAP Labs India) is an innovation centre. We do development for India and we are bringing in lessons we learn here for the global market. One of the big things the new board did was establish crack teams called game changers to deliver breakthrough innovations rapidly.

We are working on a project for India in India focused on small retailers and marginal farmers

How is an emerging market, like India — where you crossed from mature markets for SAP?
We do a lot of localisation of our products for the Indian market, not only in language support, but adapting laws and best practices for the local market. We are working on a project for India in India focused on small retailers and marginal farmers. We do a lot of things around Business ByDesign, the cloud platform, too, in India.

Do companies such as SAP have a larger role in developing entrepreneurship and innovation here?
The ability to develop products must come naturally for India...we must be able to undertake tasks that require more creativity. SAP can bring in the competency of we can play a fundamental role in helping the bottom billion break through. Two-thirds of the world's GDP goes through a SAP system somewhere.

Do you see SAP's results — a 15% rise in quarterly profits — as a sign of global recovery?
I would not say that; it is still early. We are seeing signs of things stabilising, but I would not identify it as a pattern of sustained growth. We saw the negative consequences of what happened in Europe. I would not say the worst is over and things have improved since the dark days of 2008.

What happened to SAP's R&D budget in the slowdown?
We left the R&D budget untouched. It has continued to grow despite the circumstances.

Has the US lost its edge as a global hub of innovation?
Innovation is becoming global, but the role of the United States as the leading innovator is not in question. There have been encouraging signs from India, China and Israel, but the sheer amount of innovation in Silicon Valley is actually accelerating. It is easier for companies there to be set up and tinker with new ideas. India has a great shot at becoming a leading global innovator given the sheer amount of intellectual horsepower.

Now that you've been appointed to the SAP board, are we looking at the next CEO or joint CEO of the company?
(Laughs.) I am looking at products and technology. I am responsible for innovation for SAP, which is a hell of a job. So you do get involved with issues of scale and business. But, as some people say, this is more than a full-time job. ⊙

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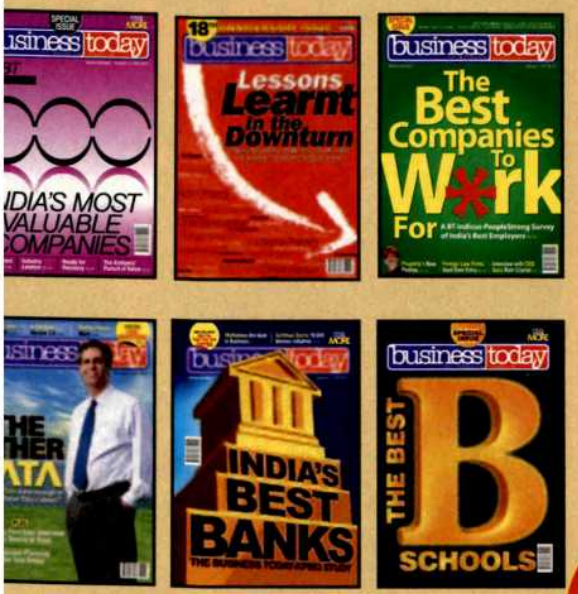

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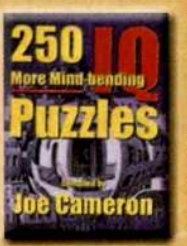

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GAME FOR GROWTH

This mobile entertainment company and its young promoter want to keep doubling their score every year.

BY SHALINI S.DAGAR

One thing which one can say for certain about Nitish Mittersain is that he has his head set firmly on his shoulders. Ask him whether he has arrived, and the 30-year-old founder and CEO of Nazara Technologies pauses warily, trying to spot if there is a pitfall, and then counter questions: "Arrived in what way?"

Only seconds ago, he was describing the blistering growth of the gaming company that he founded a decade ago while still in college. It has been growing at 100 per cent for the past two years and is poised to repeat that performance over the next couple of years. "Anything less than 100 per cent growth would be underperformance," he says. Nazara is aiming for an operating profit of Rs 15-20 crore on revenues of Rs 50-60 crore in the current financial year.

Mittersain is among the few from the first wave of dot-com entrepreneurs who survived the bust of 2000 and are doing well today, having adapted and stayed the course till their ventures turned profitable. Today, Nazara, along with competitor Indiagames.com, is the dominant player in games for mobile phones. It claims to have a 40 per cent market share with over 200,000 downloads of free and paid games daily. Validated numbers are hard to find, though.

Prodded some more, Mittersain finally answers, "No, I

Unwinding: Mittersain also plays at Not Just Jazz by the Bay, in Mumbai, once a month

UMESH GOSWAMI/WWW.INDIATODAYIMAGES.CO

ON THE FAST TRACK

2000 Mitter Infotech incorporated as an online gaming portal

2003 Changes focus to mobile gaming and content with subsidiary Nazara Technologies

2004 Develops content, ties up with some operators

2005 Gets its first round of funding of Rs 7 crore from Sequoia Capital. Signs an exclusive mobile content deal with Sachin Tendulkar

2007 Signs brand deals for mobile games and content, including with M.S. Dhoni, Virender Sehwag, Viswanathan Anand and Archie Comics

2008 Gets additional investment of Rs 7 crore from Sequoia Capital. Ties up with all mobile carriers in India

2010 Strategic tie up with Electronic Arts, one of the largest publishers of video games in the world

do not think I have arrived."

Mittersain had started Nazara as an online venture with family money, while still in college (Sydenham, Mumbai), but he changed course in 2003 to make games for mobile phones. Now, with 3G services scheduled for launch later this year, Nazara faces another change in its operating market. Technology consultant Frost & Sullivan expects the mobile games market to grow to Rs 1,500 crore by revenues by 2012, or roughly thrice its current size. Nazara is readying to ride this wave: it has struck a deal with EA Mobile, a unit of Electronic Arts, one of the world's largest video games companies. EA Mobile owns award-winning games such as *Tetris* and *Bejeweled*, and reported revenues of $212 million (Rs 975 crore) in 2009-10. Nazara now has exclusive rights to distribute the EA Mobile catalogue in India, Sri Lanka and Bangladesh.

"With better devices and networks, there will be a spike in gaming and rich content," says Mittersain, an avid gamer himself. He is also is eyeing opportunities in ad-driven mobile content and social gaming, and plans to raise around Rs 100 crore for acquisitions. "There are many innovative companies both in India and Europe which could help us move into allied spaces such as mobile advertising," he says. He plans to tap investors other than Sequoia Capital, the venture capital fund that has

MITTERSAIN THE MAN

Friends and investors on what worked for the college kid.

Shammi Kapoor,
Friend and mentor

"Nitish has always been a friend. We are on the same wavelength, despite our age difference"

Balu Nayar,
MD, Morpheus Media Fund, and a friend

"Nitish's focus on gaming and sports worked for him. Moreover, he did not go for venture funding at a very early stage"

Brian Brown,
MD, Bluestream India Advisors, and an early angel investor

"We basically took a bet on him as much on the opportunity that the space presented"

Sandeep Singhal,
MD, Sequoia Capital, a talent spotter and venture capitalist

"Before investing in Nazara, we had a conversation on whether he was too young. For his age, he was very mature, focused and clear"

Sequoia has invested in Nazara twice since 2005, and its India Managing Director Sandeep Singhal, who is also on Nazara's board, is more than happy with its prospects. "It is going to make a lot of money for us. It is one of the highly successful companies in our portfolio," Singhal says. It was Singhal who called up Mittersain in 2005 after reading about Nazara. The company had survived its initial hiccups on the promoter's steam and it was an exciting business. But Mittersain was just 25 then. Sequoia's team debated whether that should be a red flag. "He used to carry two mobiles even then and was always playing some games on them. However, he was very mature and he had what it takes to create a company, whether it was hiring seniors, running the finances or writing deals," recounts Singhal.

Mittersain believes the investment happened at just the right time. He was nervous about venture capital investors wresting control, but Nazara gained in many ways. It could introduce new corporate governance benchmarks, and get operational advice and share experiences through Sequoia's global network.

"From Day One, we sat on the same side of the table. There was complete transparency and honesty. We did not hide our problems," says Mittersain.

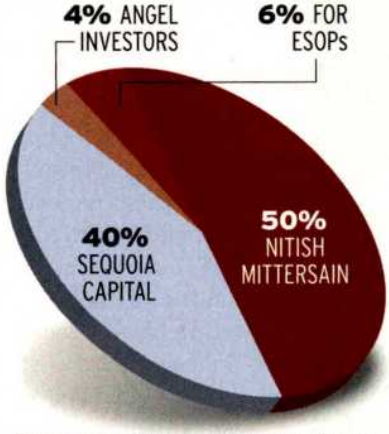
Balu Nayar, Managing Director of Morpheus Media Fund, says a big plus point for Nazara was the fact that it did not raise venture capital early in its life. Nayar had first got to know Mittersain as head of value-added services at Hutchison Max Telecom, an earlier avatar of Vodafone India. Nayar's job then had been to persuade start-ups to look at the mobile telephony market.

Mittersain's business acumen could be attributed to his Marwari roots. But it was not always easy. He remembers his toughest moment: The day he had to trim headcount from over 40 to six or so after the dotcom bubble burst. "The writing had been on the wall for six to 12 months, but I was not brave enough to take that call," he says. Eventually, he reconfigured the company for the mobile business. His early backers were some angel investors who put in around Rs 1 crore. Former banker Brian Brown, who was one of them, believes that it was as much a bet on Mittersain as it was on the company.

A commerce graduate who picked up an executive MBA from Warwick Business School later, in 2006, Mittersain is a curious mix of youth and maturity, with a knack for making friends with people many years senior to him. One of them is actor Shammi Kapoor, 78, whose zest for life Mittersain finds infectious. He first met Kapoor while in college, when he was among the students organising an event to which Kapoor had been invited. (College was also where Mittersain picked up playing the saxophone.) This skill of making older friends shows at the workplace too. Nazara recently recruited Rakesh Shah, 38, as chief financial officer from Yahoo! India. "I respect them for their professional experience and they respect me for my entrepreneurial experience," says Mittersain.

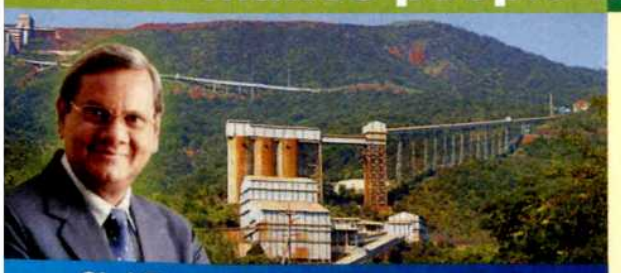
Mittersain's targets over the next five years are clear. Build a large and 'meaningful' company. And cut a disc of Shammi Kapoor songs on the saxophone. As a budding gaming czar, he seriously has fun. After all, how many people can say that playing Monopoly on the iPad qualifies as work? ⊙

Nazara's Shareholding



Revenues: Rs 30 crore; EBITDA: Rs 8-10 crore
(both for March 2010) Source: Company

"NMDC makes people happy and Nation Proud"



Shri Rana Som, Chairman cum Managing Director's Speech at the 52nd AGM held on 5th August, 2010.

Dear Shareholders,

I have great pleasure in welcoming you all to the 52nd Annual General Meeting of the Company and present to you the Annual Report of your Company for the financial year 2009-10.

The Directors' Report and the Audited Balance sheet of your Company for the period ended 31st March, 2010 have already been provided to all the shareholders of the Company. With your permission, I take them as read.

ECONOMIC SCENARIO WORLDWIDE

The year gone by in 2009-10 was a year of stabilization and recovery for the global economy post global economic meltdown and subsequent economic recession. After plunging into the steepest economic contraction since the great depression, the global economy witnessed significant improvement during the year. Although the process of recovery continues, the recent sovereign debt crisis in a few European economies poses new obstacles towards sustained growth and stability on a long term basis. According to the latest world economic outlook published by International Monetary Fund (IMF) in April 2010, world economy is expected to grow by 4.2% in 2010 as against a decline of 0.6% in 2009.

At the heart of this recovery was the co-ordinated fiscal action by the world powers, including India, to stimulate the economies. In a sign of shifting economic might, China and India were at the forefront of this recovery added by their relatively stable domestic demand.

ECONOMIC SCENARIO INDIAN

India was one of the first countries to recover from the global economic crisis on account of its strong domestic demand. In India, the economic growth exceeded expectations and grew by an impressive 7.4% GDP growth rate during FY 2009-10. The financial year 2009-10 saw large volatility in inflation numbers with food prices witnessing the steepest increase.

As per estimates, the outlook for the 2010-11 looks encouraging backed by normal monsoon, higher agriculture productivity and buoyancy in industrial output and exports. In the year 2010-11, the GDP is likely to grow by 8.5%.

WORLD IRON & STEEL SCENARIO 2009

Global crude steel production during the year 2009 was 1.22 billion tonnes down 8% over 2008 driven mainly by growth in China. During 2009, China's crude steel production was about 569 million tonnes as against 500 million tonnes in 2008 registering an impressive growth of 13.5%. Rest of the world (World - China) showed a decrease of 21% in crude steel production to 652 million tonnes in 2009 compared to 826 million tonnes during 2008.

Meanwhile, world iron ore production reached (estimated) 1.83 billion tonnes during 2009 registering an increase of 2.8% over 2008 production level of 1.78 billion tonnes.

INDIAN IRON & STEEL SCENARIO - 2009-10

India registered impressive growth of 11% in steel production during 2009-10 and its crude steel production increased to 64.88 million tonnes during 2009-10 compared to 58.44 million tonnes of crude steel production during 2008-09. India's iron ore production during the year 2009-10 is estimated to be 226 million tonnes registering an increase of about 5% over 2008-09 iron ore production of 215.44 million tonnes.

THE POSITION OF NMDC

For NMDC, the year 2009-10 had been one of challenges and endeavours to overcoming them. In July 2009, the slurry pipeline, laid by a major customer of the company, through which around 7 million tonnes of materials are evacuated from Bailadila sector, was damaged reportedly by the maoists. With this, evacuation of about 30% of total material from Bailadila got directly affected. Disruption of railway services due to frequent bandhs compounded the problem. Further, as a consequence of the global recession, international prices of iron ore dipped by 32.95 % for fines and 18.47 % for lumps. With the fall in bench mark prices, the domestic prices were also readjusted downwards. Consequently, the company faced a challenge both in respect of maintaining the level of sales as well as the level of revenue. I am happy to state that your company has put in all its endeavour to overcome the situation and has been successful to a large extent. Through continuous coordination with railways and through mid-term adjustment of price structure, your company has been able to restrict drop in sales to less than 10% and drop in revenue to less than 18%. On the other hand, the company continued its initiative for horizontal and vertical expansion of its activities. Your company achieved an excellent progress in taking forward its project for construction of an integrated steel plant of 3 million ton capacity in Nagarnar. In order to overcome the difficulty of evacuation, the company has decided to set up a 12 million ton capacity slurry pipeline from Bailadila to Vizag and put the project on fast track. The construction of a new mine at Bailadila 11B is now in the last stage of completion and work on construction of a new mechanised mine at Kumarswamy in Karnataka is just going to commence. Simultaneously, the company's value addition project of 1.2 million ton capacity steel plant is progressing satisfactorily. Your company has also set up a new division called "NMDC Global" to aggressively work in the area of acquisition of mineral assets especially of iron ore and coal in different parts of the world. The sustained efforts of the company have started giving results in 2010-11. The company has already marched ahead in recording the highest ever first quarter profit. The dream of NMDC has been to continuously strengthen its core area of mining and also to expand in other fields, both in the areas of mining and value addition so as to improve the company's value not only for its shareholders but also for the nation, it is created by.

COMPANY'S PERFORMANCE

The Company's performance for the year under review are summarized as under:

Turnover for the year under review was Rs. 6239 crores

- Net worth increased to Rs.14250 crores as on 31.03.2010, 23% higher than Rs.11615 crores in the previous financial year.
- Interim Dividend @ 75% on the equity shares of Re.1/- each aggregating Rs.297.35 crores was paid. The Board has recommended subject to shareholder's approval, payment of final dividend @100% of Rs.396.47 crores. (Total dividend aggregating Rs.693.82 crores)
- Supply of Iron Ore to domestic industries recorded 206.53 lakh tonnes. Total exports of Iron Ore during the year was 34.32 lakh tonnes.
- As an MOU signing PSE with the Government of India, your Company's performance during the year qualifies for Excellent rating.

IRON ORE SALES

In respect of iron ore, the Company has achieved production of 238.03 lakh tonnes in the financial year 2009-10 against 285.15 lakh tonnes in the previous financial year 2008-09. On the side of sales, the performance in the year 2009-10 has been 240.85 lakh tonnes as against 264.72 lakh tonnes in the previous financial year.

MERGER OF SPONGE IRON INDIA LIMITED

I am happy to announce that consequent upon filing of the order of merger as issued by Ministry of Corporate Affairs, Government of India with the Registrar of Companies, Andhra Pradesh, Sponge Iron India Ltd (SIIL) got merged with NMDC w.e.f. 01.07.2010 being the Effective Date as Sponge Iron Unit. Accordingly, SIIL stands dissolved without the process of winding up. The Company is taking all possible steps to improve the performance of Sponge Iron Unit. It may be appreciated that with the merger of SIIL with NMDC, the Company has ventured into value added products utilizing the surplus land of 433.69 acres available there.

NEW PROJECTS & BUSINESS DIVERSIFICATION

Apart from ramping up production capacity of its core activity of iron mining, your Company is also planning to diversify into value added projects. NMDC has chalked out projects worth over Rs.24000 crores over the next five years. It is planning to expand its iron ore mining capacity to 50 million tonnes from the existing 30 million tonnes. Apart from setting up of 3 M.T. Integrated Steel Plant at Nagarnar, Chhattisgarh, the Company also plans to set up pellet plants, iron ore nugget plants and beneficiation facilities. Evacuation of iron ore is posing a major hurdle basically on account of damage to Essar's slurry pipe line and constraints in rail movement on account of Maoist activities. To offset the problem of evacuation of iron ore, the Company also plans to set up a new pipeline connecting Bailadila Complex with RINL 's Vizag Steel Plant site with an outlay of about Rs.3000 crores. This will also enable the Company to transport pellets as feed to Vizag for meeting the requirement of steel producers. The Company is also planning a proposal for setting up of a 2 Million Tonne steel plant at Karnataka in terms of an MOU signed with Government of Karnataka.

The Company is making conscious efforts to increase its resource base of minerals, both in India and abroad. The Joint Venture Company NMDC-CMDC Ltd with CMDC Ltd is taking necessary steps to develop Bailadila Deposit-13 as a stand alone project of 10 MTPA. NMDC has entered into strategic alliances with Kopano Ke Matla Investment Company, South Africa and Tata Steel over exploration & exploitation of mineral resources, setting up of steel plants and other value added projects.

The basic need of India today is basically three fold- securing energy requirement, infrastructure development and ensuring food security. To achieve the aforesaid goals, NMDC is focusing on exploration and exploitation of coal, lime stone, rock phosphate etc either on its own or with other Companies having related business activities.

CORPORATE SOCIAL RESPONSIBILITY

Your Company sincerely believes that CSR activities plays a pivotal role in achieving inclusive growth. NMDC is in the forefront in various CSR initiatives over the past many years before it importance dawned on corporate India. The focus of NMDC's CSR initiatives is integrated development of community in the villages surrounding our establishments which are among the most backward tribal villages of India. NMDC has initiated integrated development of villages to facilitate sustainable income generation through employment / self employment by targeting education and skill development. NMDC is also offering facilities in healthcare and infrastructure to enable the beneficiaries engage in income generation activities. CSR activities are mentioned in detail in the Director's Report.

CORPORATE GOVERNANCE

A separate section on Corporate Governance forms part of the Director's Report. Your Company has complied with Corporate Governance norms as stipulated by the Listing Agreement/DPE Guidelines.

ENVIRONMENT MANAGEMENT

As a mining Company, NMDC is conscious of its role in preservation of environment and maintaining ecological balance. The four major production projects, Bailadila Dep-14/11C, Dep-5, Donimalai and Diamond Project have been accredited with ISO 14001-2004 EMS by M/s DNV, Hyderabad.

DISINVESTMENT OF SHARES BY GOVERNMENT OF INDIA

During the year under review, Government of India disinvested 8.38% of its holding in the Company aggregating 332,243,200 equity shares of the face value of Re.1/- each through an Offer for Sale. The Government of India received Rs. 9930.42 crores out of the said disinvestment process. Accordingly, the equity shareholding of President of India in NMDC stands at 90%.

LOOKING AHEAD

Outlook for iron & steel industry during 2010-11 is very encouraging. World crude steel production during the first six months (Jan.'10 - June '10) of 2010 has increased by 29% to 708 million tonnes compared to CPLY production level of 548 million tonnes. During the period of (Jan.'10 - June'10), China has registered a growth of 17% in crude steel production whereas India has shown a growth of 11%. According to World Steel Association, world finished steel consumption is to increase by 10.7% in 2010 and 5.3% in 2011.

The year ahead holds much promise to NMDC. The commissioning of a new mine, ie, Bailadila-11/B, is expected by the end of this year. Despatches are likely to improve, bringing in better realization, higher turnover and better profit. NMDC, it is hoped, will excel its performance and achieve all-time high records.

ACKNOWLEDGEMENT

To conclude, I acknowledge that all these achievements have been possible only due to relentless and dedicated efforts, made by the employees of the Company. On behalf of the shareholders and management of the Company, I thank the Government of India, Ministry of Steel for the confidence and trust bestowed upon your Company and the opportunity given for its continued growth and expansion. I sincerely assure you that the Company will continue to grow in the years ahead.

Thank you and Jai hind.

Rana Som
Chairman-cum-Managing Director

Place : Hyderabad
Date : 05.08.2010

NMDC Limited

Guest Star

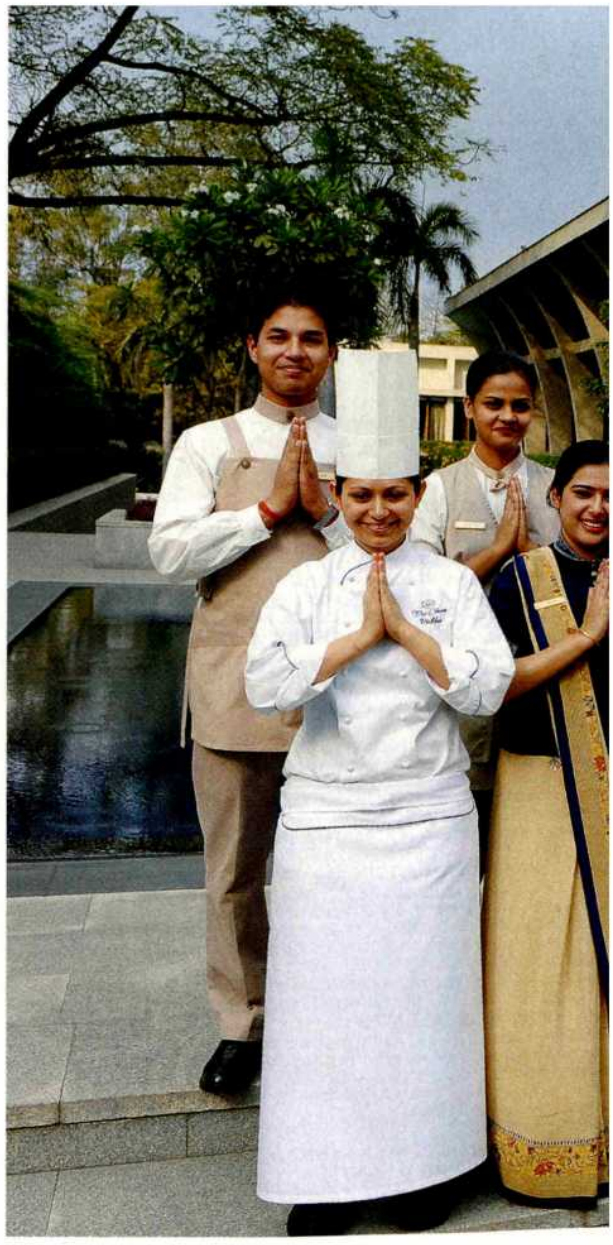
The challenge now for India's leading hotel chain is to surpass the exacting standards that it has set for itself.

BY MANU KAUSHIK

In November last year, Tapan Piplani, General Manager of The Oberoi Vanyavilas, got a call from a top Mumbai-based industrialist. The businessman wanted Piplani to put together a gala for 30 guests at the Ranthambhore hotel to celebrate his wife's birthday, which was barely two days away. Above all, he wanted the occasion to be a memorable one.

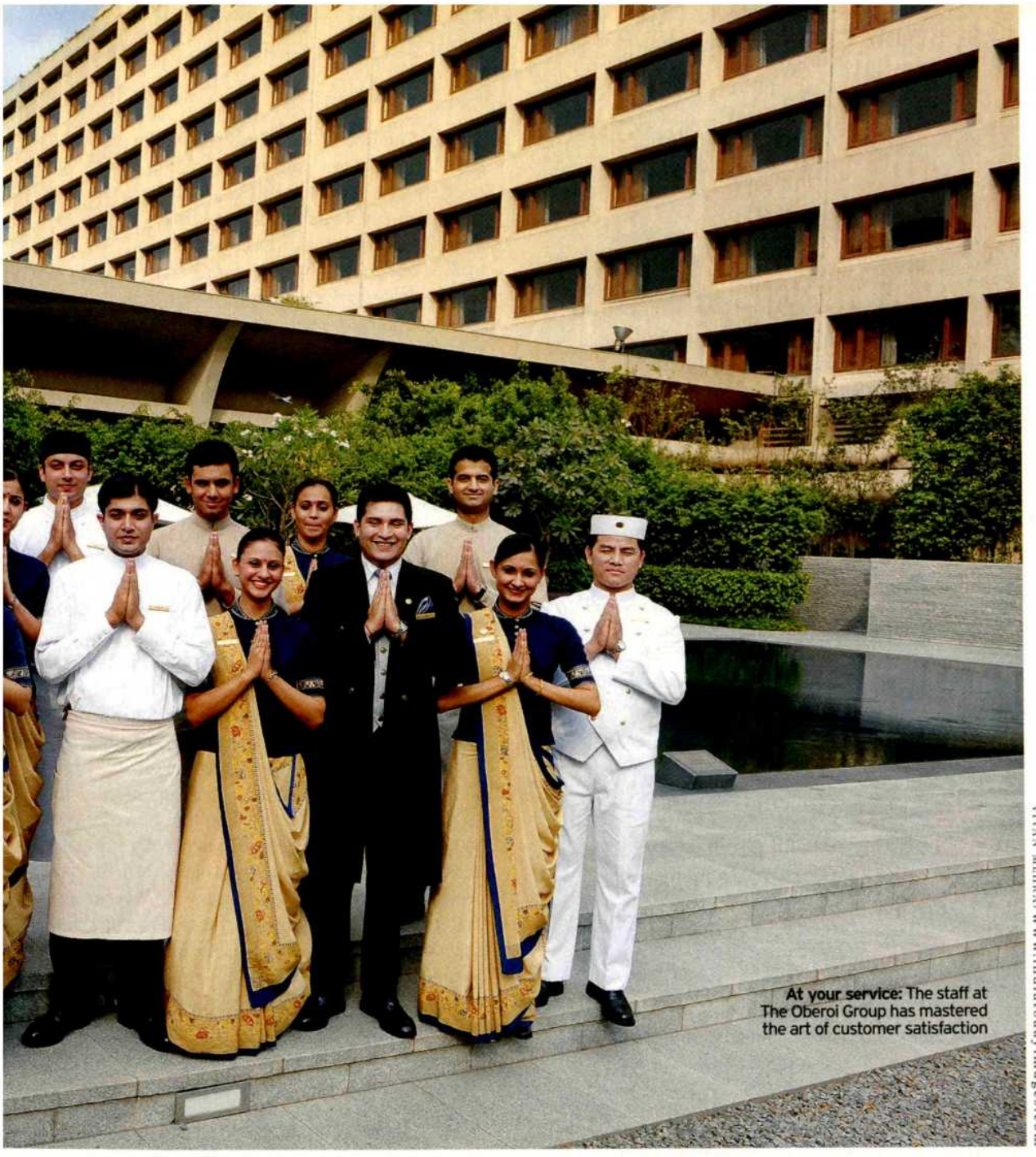
The businessman was very particular about food and specifically asked for Thai cuisine. He told Piplani that he had liked the Thai food served at the Rim Naam restaurant at The Oberoi, Bangalore, where he had stayed a couple of days ago, and expected a similar standard and quality of food for his wife's birthday bash. He also wanted Egyptian cuisine for some of his guests.

"It was extremely difficult to make those arrangements at such short notice. In the normal course, it takes at least five days for food supplies to reach us. But given the urgency, we had to make special arrangements to get the ingredients from nearby Delhi and Jaipur hotels in a day," says Piplani. As the industrialist was a long-time patron, The Oberoi Group's top brass was roped in to help put together the do. Over the next two days, several people were flown in, including a chef from Rim Naam, two chefs specialising in Egyptian and Chinese cuisine from Delhi, a jazz band from Mumbai and a pyrotechnics expert from Bangalore. The hotel was bedecked in a theme of gold and black, and folk music performances were thrown in to welcome the guests. "I still remember how overwhelmed the guests were when they checked out after a three-day stay with us," says Piplani.



THE ACHIEVEMENT
The world's best hotel and the top five hotel properties in Asia, according to *Travel+Leisure* magazine, belong to The Oberoi Group

Many patrons of the 76-year-old hotel group were hardly surprised when *Travel+Leisure* magazine ranked The Oberoi Vanyavilas as the best hotel in the world in its 2010 survey. Three other group properties — The Oberoi Amarvilas in Agra, The Oberoi Rajvilas in Jaipur and The



At your service: The staff at The Oberoi Group has mastered the art of customer satisfaction

VIVAN MEHRA/www.indiatodayimages.com

THE SUCCESS MANTRA

Unparalleled service levels that have yielded significant guest loyalty. One in five guests is a repeat customer

THE CHALLENGE

To stay at the top position by improving its service levels further and continuing to impress its guests

Oberoi Udaivilas in Udaipur — also figured amongst the 15 best hotels in the world. These hotels were also ranked as the four best hotels in Asia. This is no mean feat considering that over 80 per cent of customers at its leisure hotels are foreigners who are exposed to the best hotels across the world.

the west and goes as far as Japan in the east, Ulan Bator in the north, and right down to Jakarta. Some of the most fabulous hotels are located in this region. It's difficult to believe that we are the best hotel in the world," says Liam Lambert, President, Oberoi Hotels & Resorts. The Oberoi Group, which caters to almost a million customers in a

COMMENTARY-1

A tough act to follow

AKSHAY KULKARNI, Executive Director (Hospitality Services), Cushman & Wakefield

Over the last 70 years, The Oberoi Group has been a pioneer in service delivery and continuously worked to enhance its service standards. From the old world charm of The Grand in Kolkata to the more modern structure of The Oberoi in Mumbai to reinventing luxury through their Vilas properties, the group has been instrumental in creating new standards of service and excellence for the Indian hospitality industry.

Delivering quality service consistently is not easy. It takes not only passion to be the best but also military-like discipline to be able to recreate memorable guest experiences. The group has been successful in bringing that sort of discipline to its service quality. We have known P.R.S. Oberoi to be a perfectionist in this field, with an eye for detail that could identify and highlight the smallest of deviations. This has helped his entire team to think in a certain way as far as quality is concerned.

Delivering quality service consistently takes not only passion but also military-like discipline to be able to recreate memorable guest experiences

I am aware of the instances of how closely involved the Oberoi senior management has been in ensuring new standards of quality in terms of experience building for the guest. Some of their steps are not only unorthodox but also defy management themes. Today, quality and personalised service coupled with standardisation are the hallmarks of an Oberoi experience. There are, however, some areas that, from a pure business strategy point of view, may be worth exploring. For instance, all the hotels that have gained recognition are located in leisure destinations but they do not contribute the bulk of the revenue. The largest revenue generators are still the business travellers.

The latest recognition has put Indian hospitality as a whole and the Oberoi's service in particular in a different league and it will be a tough act to follow. Expectations will increase. These recognitions can further elevate the overall standard of the Indian hospitality industry.

4,741 guest rooms and suites in hotels, resorts and cruisers across five countries — India, Indonesia, Mauritius, Egypt and Saudi Arabia.

So what really makes Oberoi hotels tick? "We have evolved our philosophy of customer service, which exemplifies care for the customer through anticipation of need, attention to detail, respect for privacy, along with warmth and concern. Speed of service doesn't translate into good service, which is about how the guests are treated. I always insist that staff members should wear a smile from their hearts," says P.R.S. Oberoi, Chairman & CEO, The Oberoi Group.

In fact, the seeds of the exemplary customer service were sowed by the CEO's father, M.S. Oberoi, way back in 1938, when he took over the management of Calcutta's famous Grand Hotel. Prior to the acquisition, the hotel had remained shut for several years due to a stigma — many guests staying in the hotel had died during the 1933 cholera epidemic in the city. As the story goes, the senior Oberoi once met the father of Bobby Kooka, the man who conceived Air-India's Maharajah mascot, and asked him to shift to the Grand from Great Eastern Hotel, where he used to stay during frequent visits to the city to oversee his business. Oberoi offered him a discounted rate. "I'll die of cholera," said Kooka senior. Oberoi tried telling him how the hotel had been renovated, but when Kooka senior still looked unsure, Oberoi said he would give him soda (free) to use in place of water if he was so paranoid. "You can even use it to brush your teeth if you are that worried about typhoid on tap," assured Oberoi. Kooka checked in and became a regular customer.

Understandably, people are the group's key asset. "We teach our staff that anybody with money can build a great hotel and can have any brand to run that hotel. The real difference is made by people. Soft, emotional gestures by staff members make people stay with you," says Rattan Keswani, President, Trident Hotels. Piplani adds: "We train our staff to understand that when we address our guests by their names, it gives them a sense of assurance and identity. We page all our staff members whenever a guest checks in so that everyone knows the name of the guest plus the

P.R.S. Oberoi, Chairman & CEO, The Oberoi Group

"...our philosophy of customer service exemplifies care for the customer through anticipation of need, attention to detail, respect for privacy, along with warmth and concern..."

person who's accompanying."

Also, the Oberoi hotels have developed a unique way of becoming familiar with the tastes and preferences of their guests. Each guest who stays at an Oberoi hotel comes in contact with a staff member almost 42 times in a day. This gives staff members enough opportunities to gauge the preferences and tastes of guests. Butlers, house-keeping and room-service boys play an important role in this by giving inputs into a centralised guest-history system, which at present has profiles of over 11 lakh guests and includes minute details such as their preference for room numbers with certain digits or for certain floors, types of pillows and

The centralised guest-history system...has profiles of over 11 lakh guests, which includes details such as preferences for certain room numbers, pillows, beds and flowers.

beds and even flowers. Every evening at all the group hotels, general managers, sales managers and front desk managers sit together and go over the next day's arrival list. All inputs in the guest history of the arriving guests are studied and the staff briefed accordingly.

Ravinder Zutshi, Deputy Managing Director of Samsung India, who has stayed more than 100 times at various Oberoi properties over the last 20 years, says: "A few years ago, while staying at one of the Oberoi hotels, I got stranded in the lift for a few minutes during a power outage. I mentioned it casually to the house-keeping staff. Much to my surprise, the next day I received an apology letter personally signed by some of the group's top-level executives along with a bouquet of flowers." Adds US-based Rob Armstrong, who works for a large global pharma company and is an Oberoi loyalist: "What I like about Oberoi hotels is that they go out of the way to deliver customer service. Last November, I and my wife Laura came to Delhi to attend the wedding of a business associate. After two jet lags, Laura could not move out of her bed...The Oberoi hotel staff helped her and ensured faster recovery so that she could attend the wedding." Thanks to such efforts, the company boasts of one out of every five customers as a repeat guest.

Having wowed customers from across the world, the challenge for the Oberoi management today is what they should do to retain and improve their current standing at the top of the hospitality world. Chairman Oberoi has the answer: "Continue to exceed our guests' expectations." ⊙

Case studies on ITC's e-Choupal, Ashok Leyland, MRTS Chennai

COMMENTARY-2

People are the key

MANAV THADANI, Managing Director, HVS India, a hospitality tracking consultancy

The world over, The Oberoi Group is synonymous with the right combination of luxury, warm service and quiet efficiency – always with a smile. During the past two decades, the group has transformed itself into a luxury brand. Today, it not only competes with the best, but is ahead of better known brands from the Western world and continues to improve as time goes by.

It's rare for an individual who has stayed at an Oberoi hotel while on holiday or business and not been wholly delighted with the experience. Several of these individuals are well-heeled travellers who understand luxury and have high expectations of the places they stay in. What they like about Oberoi's luxury properties, it seems, is not just their perfect blend of superb design, interiors, service, food, scenery and location, but also their ability to make a guest feel unique, special, and above all, well looked after. Staff at Oberoi's resort hotels have gained a reputation for being able to fulfil every need – and every whim – of their guests in a manner that is completely non-intrusive.

The group gets the bulk of its customers from Europe and the United States, yet it does not have any properties in these countries

The group has various hotels, but is heavily dependent on its three properties in Mumbai and one in Delhi, which account for nearly 70 per cent of the group's revenues. This is perhaps the only major weakness in my opinion. Perhaps, I'm being a bit selfish, as I would have preferred to see Oberoi hotels in key gateway cities and resorts around the world. The group gets the bulk of its customers from Europe and the United States, yet it does not have any properties in these countries. The group also has amongst the world's best-trained staff and an excellent hotel management school. These two things provide the group with an excellent opportunity to be the best, but at the same time these also pose a challenge: it has a very esteemed list of alumni around the world who are no longer with the group.

Privilege Matrimony

Helping you find a suitable life partner

Wanted Brides

Sindhi – Baibhand, 25 yrs / 182 cms, living in Surat, B.B.A, industrialist, well-to-do family, seeks fair and good looking bride, age 20 - 23 yrs, height 164–170 cms. Should be a graduate. Contact Relationship Manager at +91 9327027561

Handsome and tall Sikh, 25 yrs, living in Mumbai, BBA, successful business, wealthy family, seeks fair and good looking Sikh/Punjabi bride. Should be a postgraduate.Contact Relationship Manager at +91 9320245921

Gujarati- Lohana, 28 yrs, B.Com from Mumbai University, working as Assistant Manager in ICICI, upper middle class family, seeks fair and good looking Lohana bride, age 23-27, professionally qualified, preferably from Mumbai. Contact relationship manager at 9320407211.

Yadav, 26 yrs, BE Engineer (Non IT) in Chennai, wealthy family, seeks good looking Yadav bride from Tamil Nadu, Andhra Pradesh or Bangalore, age 20-24, with graduation. Contact relationship manager at +91 9345262349

Muslim- Sunni, 28 yrs, M.S (general surgery), residing in Bangalore, wealthy family, seeks fair and good looking Muslim Sunni bride, age 23 - 28, professionally well qualified, preferably M.B.B.S. Contact relationship manager at 9381102918

Wanted Grooms

Jain Oswal Bhandari, 26 yrs, MBA from Symbiosis. Summer course from London School of Economics. Working with reputed company in Delhi, wealthy family. Seeks fair and good looking groom, age 27-30, professionally qualified. Contact relationship manager at 9320407211.

Gujarati -Luhar Panchal, 26 yrs, B.Com, diploma in fashion designing, fashion designer with reputed export firm. Good family background. Seeks good looking panchal groom, age 26 to 29, professionally qualified, preferably working in Mumbai. Contact relationship manager at 9320407211.

27-year-old Bengali, Kayastha, living in Kolkata, MBA from Thunderbird University – USA, wealthy family, seeks suitable groom, age 28–30 yrs. Should be from a wealthy family. Contact Relationship Manager at +91 9830045495

Brahmin Iyer, 30 yrs, MDS, residing in Chennai and from rich family. Seeks Brahmin Iyer, professionally well qualified groom, age 30 -36 yrs. Contact relationship manager at 9380018727

Brahmin Iyer, 20 yrs, pursuing BE final year, residing in Chennai, wealthy family, seeks Brahmin Iyer, professionally well qualified groom, age 23 -25 yrs. Contact relationship manager at 9380018727

To know more call 1800 3000 3456

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ilege Matrimony is an assisted matchmaking service from BharatMatrimony, where you will be gned a personal Relationship Manager who will search, shortlist, screen and send you suitable es on a regular basis based on your requirement. The Relationship Manager can also initiate the 'ersation on your behalf and ensure regular follow-ups to help find the perfect match for you.

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REACH US

ONLINE PHONE OFFICE

Google's CEO on the Enduring Lessons of a Quirky IPO

When Google announced its intention to go public, in 2004, all eyes were on its unorthodox strategy. Here's how it played out. BY ERIC SCHMIDT

It happened six years ago, but I still remember every detail of our journey to becoming a public company. It was a uniquely "Googley" experience that to this day says a lot about who we are.

An IPO can change a company. Many in the media seemed certain that if we went public, the Google ethos wouldn't survive. A public offering would be "one of the worst things that could happen to Google," said Danny Sullivan, editor of the *Search Engine Watch* newsletter and a well-regarded industry commentator. People predicted that we would suddenly be divided into haves and have-nots on the basis of how many shares of Google stock each of us held. The talent would cash out and quit. A new focus on pleasing Wall Street would cause us to lose our prized objectivity and independence. Developing the infrastructure to become a public company would dull

our edge. Ultimately, people feared that as Google transitioned from a bright young start-up to a mature public company, it would lose the quirky spirit that had made it so innovative.

None of that happened. And I firmly believe that at our core we are the same company we were then—just a lot bigger. Although it is dangerous to read too much into a single event, I think one of the reasons we have held on to our values is that we chose an unconventional path to going public. Larry Page and Sergey Brin, Google's founders, began their "Letter from the Founders," which was included in our IPO prospectus, by saying, "Google is not a conventional company. We do not intend to become one." They went on to warn potential investors that we would invest in risky projects that might result in home runs — or might never pay off. Choosing a new path to follow doesn't always produce the best results, and the road can be bumpy. Google's road to that IPO was anything but smooth.

The company was founded back in 1998. I came on board three years later. Although we were growing rapidly, in both employees and revenues, we were in no hurry to go public. But given our size — and, more particularly, the fact that we wanted our employees to have equity in our growing enterprise — in early same time live with having to report our financial results like any public company; or we could go public. Not surprisingly, we explored some unconventional alternatives, such as trying to develop an internal market

tion of having to release our financial results to comply with US securities laws. At the time, those laws required Google to become a publicly reporting company once it had 500 shareholders, and to file the associated financial statements within 120 days of the end of the year in which we crossed that mark.

We had until late April 2004 to file the necessary registration statement with the Securities and Exchange Commission. But the securities laws did not require us to have an IPO in the traditional sense. In fact, we could have simply become a publicly reporting company without selling any shares to the public.

We faced three choices: We could restructure to get back below 500 shareholders (meaning, essentially, find a way to buy back shares from our employees); we could continue to be a private company but at the

People feared that in going public, Google would lose its prized objectivity and independence.

the end we opted to take the usual path for a venture-backed technology company and make an initial public offering of our common stock. However, we wanted to structure our IPO in a way that was anything but usual.

The Dutch Auction

We pride ourselves on trying to do things right, and we viewed this process of going public as a giant IQ test. How should we sell shares? At what price? Whom should we bring in to help us? What was the proper way — the Google way — to do this?

In debating those questions, we reviewed as much data about prior IPOs as we could get our hands on and agreed on a few things we did not like about the typical process. We didn't like the "pop" often experienced by successful technology companies when they went public. The difference between the IPO price and the price of a company's stock at the end of the first day or week of trading seemed to us to be money that should properly be in the hands of the company. But ordinarily, large

The Road to Google's Unconventional IPO in 2004

underwriting syndicate are the only group allowed to buy those shares at the IPO price, and they flip them a few days later for a healthy profit. Somehow that didn't feel right for Google. We wanted something much more transparent and open — and we wanted our users to have a chance to take part.

As we were reviewing our alternatives, we were drawn to an approach championed by WR Hambrecht, an investment bank based in San Francisco, which argued that auctions were a better way to raise capital than the traditional underwritten IPO. In what is known as a Dutch auction, a company would collect bids from all interested investors and then group them by how much each investor was willing to pay. The company (and its bankers) would then move down from the top bid until it reached the highest price at which it could sell all the shares it wanted to offer. The company could choose that price (or, for a variety of reasons, a lower one) and then sell all the shares that were bid on at the chosen price or higher as soon as the stock was traded on its exchange.

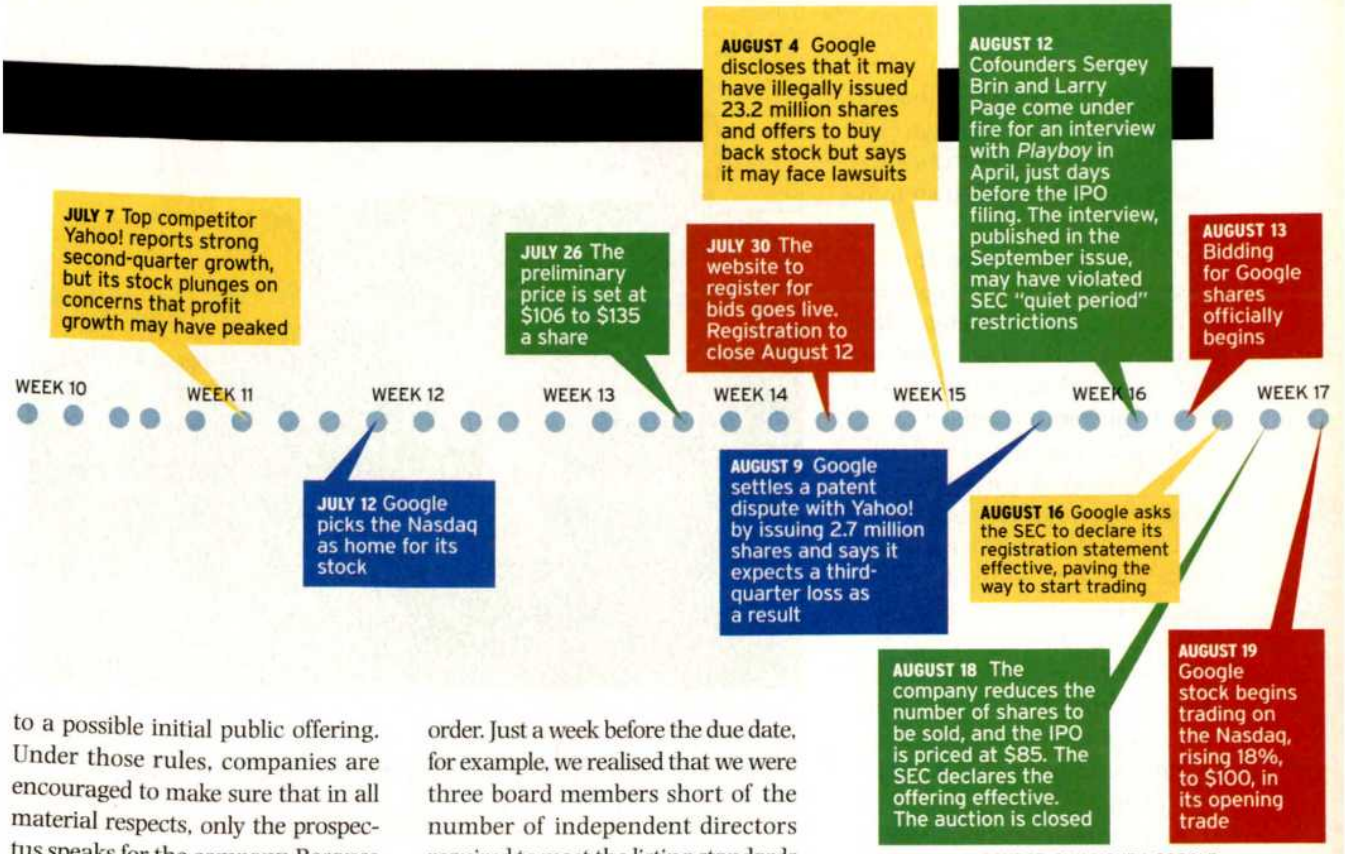
We liked this approach. It was consistent with the auction-based business model we used to sell our ads, so we felt we understood the underlying dynamics, and it had a strong intuitive appeal for us. We also liked the idea of opening up our auction to everyone — retail investors as well as traditional institutional buyers. We hoped that an auction would do a better job than the traditional approach of setting a price for our shares — and would allow our share price to remain stable after we went public.

"Don't bother to bid on this shot-in-the-dark IPO," a *BusinessWeek* columnist concluded.

I know this may sound like baloney, but we settled decisively on the Dutch auction after we got a letter from a little old lady — or at least someone who claimed to be a little old lady. She wrote something along the lines of "I don't understand why I can't make money from your IPO the way the stockbrokers will."

We thought she had a point about the basic fairness of the system. So we decided to go with our version of the Hambrecht model, even though it would add considerable complexity to our IPO. No company the size of Google had ever done such a thing. Our auction would be on a significantly larger scale than other auction-based IPOs. We would have to build systems to support that increased scale. And those systems would need to be reviewed by the SEC. Wall Street viewed our decision as arrogant. The analyst Henry Blodget wrote in *Slate*: "Participating in the Google IPO auction is gambling, not investing, and the most likely outcome is a waste of money and time."

Undaunted, we worked through how to structure our IPO, and we stopped communicating with the press. The SEC's "quiet period" requirements prevented us from talking about our business in the run-up



SOURCE: CNN MONEY; GOOGLE

to a possible initial public offering. Under those rules, companies are encouraged to make sure that in all material respects, only the prospectus speaks for the company. Because Google was in the media spotlight during this period, people came out in droves to criticise our business, our management, our culture, our IPO — almost every aspect of who we were. And because we had to remain silent, we weren't able to defend ourselves, correct misinformation, or try to reassure the public.

"Don't bother to bid on this shot-in-the-dark IPO," a *BusinessWeek* columnist concluded — a not-uncommon sentiment. But there wasn't much we could do about it. Yet as we kept silent, we realised that people didn't really know what Google had become. There was a gap between what was written about us and reality. Ultimately, we published our financials, but until then many people thought of us as a bunch of idiots with lava lamps (and perhaps they still do). The fact is, we had really started to take off.

A Sort of Limbo

As the filing deadline approached, we were still

order. Just a week before the due date, for example, we realised that we were three board members short of the number of independent directors required to meet the listing standards of either the Nasdaq or the New York Stock Exchange. So we quickly added three heavy hitters. We also drew criticism because of the way we opted to structure our dual-class common stock.

The world had figured out our expected filing date, so the media focus on Google in late April was intense. Constant news stories, TV-station vans on the campus, unrelenting calls to our muzzled communications team, rampant employee speculation — it was quite a time. We were legally required to present our financials by 2 PM on April 29. But we pulled a fast one: We announced to the world at 11 AM that we were going public. It caught everyone by surprise.

The IPO process and our business then entered a sort of limbo as we waited for, and then responded to, the SEC's comments on our registration statement. This is a standard part of the process, although it took longer for us than for most other

to get comfortable with how we had designed our auction. In the end our legal and management teams worked from May through early August to address the SEC's concerns. Our decision to include a letter from our founders in the prospectus didn't exactly help us from a timing perspective. Larry and Sergey's letter described the values by which we planned to run our business. The job of the SEC is to evaluate the completeness and accuracy of qualitative and quantitative statements made in a prospectus. It really isn't in a good position to evaluate and comment on values. The commission made it clear that it wanted us to remove the letter from the prospectus, out of concern that it would confuse potential investors. We held our ground. I encourage anyone to go back and read that letter. I am struck by the fact that most of the values it set forth are, six years later, still the values that drive our company.

had become so negative that we stopped reading it — although I still have all the clippings. "Google is putting a nail in the coffin for technology IPOs," one analyst concluded. I've always thought that the bad press actually helped our business, because it raised awareness. Our revenue depends on traffic, and our traffic exploded during this period. I feel certain there's a correlation.

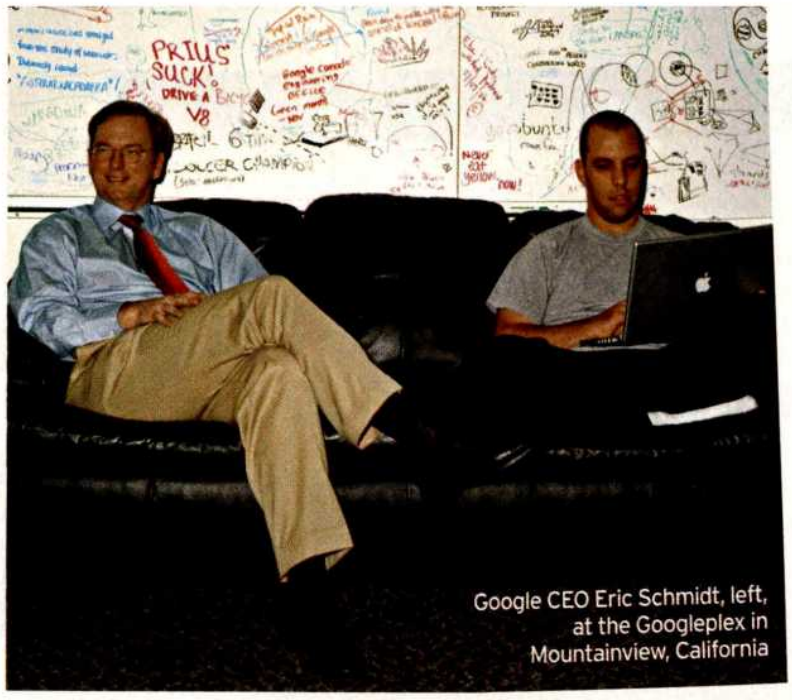
We were now on track to go public in August. We'd known for months that August is a bad time to go public — Wall Street is essentially on vacation then — but it seemed that all our delays were inevitably leading to a late-August IPO. And given that more time seemed to beget more problems, we didn't want to delay until September. So we kept moving and finally started to get everything lined up.

Until... the September issue of *Playboy* hit the news-stands. It turned out that Larry and Sergey had given a long interview to the magazine back in April, and it was published in this issue. It was a very generic interview (without any pictures, I might add), but it almost derailed the whole IPO.

All Hell Broke Loose

The problem was that the interview, which, of course, touched on business issues, may have violated the "quiet period" rules I mentioned earlier. All hell broke loose, and the SEC considered forcing us to postpone the entire process. A month earlier the commission had delayed Salesforce.com's IPO because Salesforce had been featured in a lengthy profile in the *New York Times* during its quiet period. (Interestingly, it was headlined "It's not Google. It's that other big I.P.O.") That article, along with the subsequent publicity, prompted the SEC to push Salesforce to put a hold on its offering. We were worried that we faced a similar fate.

I sat down with Larry and Sergey to make it clear that it wasn't their fault — that I knew they hadn't realised they were doing anything technically wrong. We had a lot of work to do, but first I wanted to make sure that the two of them felt OK about everything. Then, working with the regulators at the commission, we came up with a solution: We included the *Playboy* interview in our official SEC filing as an appendix — meaning it would be available to any potential investor.

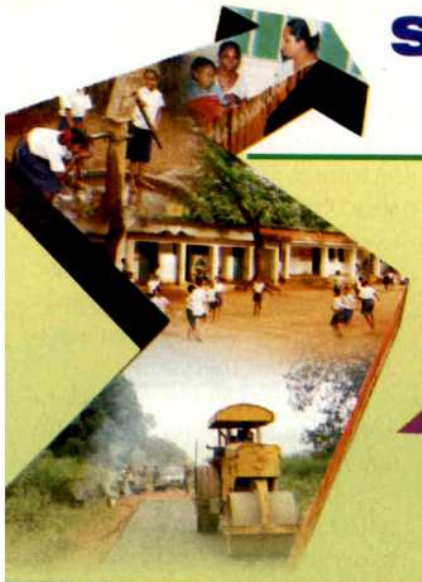


Google CEO Eric Schmidt, left, at the Googleplex in Mountainview, California

We showed up bleary-eyed on August 19. I remember thinking as we headed down to the Nasdaq trading floor, *We're screwed.*

In mid-August the bidding began, based on our published expected IPO price range of $106 to $135 a share. It was a tough environment: Several tech companies had decided the market wasn't right and had pulled IPO plans of their own. In fact, the bidding for our shares didn't go particularly well. We seemed to be in a perfect storm of bad news: The *Playboy* article had been the joy of pundits and talk-show hosts everywhere; we had endured months of media criticism; we were dealing with an SEC investigation into our employee option programme; and our financial performance in Q2 was experiencing a modest seasonal "flattening," which led analysts to question whether we could maintain our growth rates. (They soon reaccelerated.)

In addition, Wall Street was angry with us. In keeping with our auction model, we had wanted the information we communicated to our retail investors to be largely consistent with what we communicated to more-sophisticated institutional investors. Institutional investors are used to getting deep under the hood of a potential tech IPO when they meet with executives. They were not happy with the few extra details we were willing to share with them beyond our standard management presentation, which we had made available online to both



Serving the Nation
Serving the People

NMDC Limited
Crosses new milestones of excellence

Turnover	PBT	PAT	Contribution to the Exchequer
UP 97%	UP 92%	UP 94%	UP 92% ₹ 660.37 Cr.

Corresponding period last year - ₹ 343.44 Cr.

(₹ in Crore)

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30th JUNE, 2010

	Unaudited 3 Months Ended		Audited Year to date
	30.06.2010	30.06.2009	31.03.2010
Net sales/Income from operations	**2,517.99**	**1,278.05**	**6,239.09**
Expenditure			
a) Increase (-) / decrease (+) in stock in trade	-23.13	11.56	1.90
b) Consumption of Stores & spares	44.51	42.86	209.45
c) Employees Cost	110.08	92.67	419.51
d) Selling Exps. incl. Freight out	126.13	101.98	468.85
e) Depreciation & DRE	23.72	5.18	76.62
f) Royalty & Cess	139.33	10.92	360.61
g) Other Expenditure	69.96	69.75	356.54
TOTAL	490.60	334.92	1,893.48
Profit from operations before interest & exceptional items (1-2):	2,027.39	943.13	4,345.61
Other income	221.83	229.01	861.71
Profit before interest & exceptional items (3+4)	2,249.22	1,172.14	5,207.32
Interest	-	-	-
Profit after interest but before exceptional items (5-6)	2,249.22	1,172.14	5,207.32
Exceptional items	-	-	-
Profit before Tax (7+8)	**2,249.22**	**1,172.14**	**5,207.32**
Tax expense	745.18	398.39	1,760.06
Net profit from ordinary activities after tax (9-10)	1,504.04	773.75	3,447.26
Extraordinary Items (net of tax expense ₹)	-	-	-
Net Profit for the period (11-12):	**1,504.04**	**773.75**	**3,447.26**
Paid-up Equity Share Capital:	396.47	396.47	396.47
Face value per share	₹1/	₹1/	₹1/
Reserves excluding revaluation reserves			13,875.96
EPS for the Period (₹) - Basic and diluted before and after extraordinary items	3.79	1.95	8.69
	(Not Annualised)		(Annualised)
Public shareholding			
- Number of Shares	396,297,820	64,054,620	396,297,820
- Percentage of shareholding	10.00	1.62	10.00
Promoters and promoter group shareholding			
a) Pledged / Encumbered			
- Number of Shares	-	-	-
- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	-	-	-
- Percentage of shares (as a % of the total share capital of the company)	-	-	-
b) Non Encumbered			
- Number of Shares	3,568,418,180	3,900,661,380	3,568,418,180
- Percentage of shares (as a % of the total shareholding			

(₹ in Crore)

SEGMENT WISE REVENUE, RESULTS & CAPITAL EMPLOYED UNDER CLAUSE 41 OF THE LISTING AGREEMENT

	Unaudited 3 Months Ended		Audited Year to date
	30.06.2010	30.06.2009	31.03.2010
1. Segment Revenue			
(net sale/income from each segment)			
a) Iron Ore	2,509.36	1,275.63	6,222.60
b) Other Minerals & Services	8.63	2.42	16.49
Total	2,517.99	1,278.05	6,239.09
Less : Inter segment revenue	-	-	-
Net sales / income from operations	**2,517.99**	**1,278.05**	**6,239.09**
2. Segment Results			
(profit (+) / loss (-) before tax and interest from each segment)			
a) Iron Ore	2,058.41	964.00	4,496.01
b) Other Minerals & Services	-1.33	12.72	8.98
Total	2,057.08	976.72	4,504.99
i) Less Interest	-	-	-
ii) Add Other unallocable income net of unallocable expenditure	192.14	195.42	702.33
Total Profit before Tax	**2,249.22**	**1,172.14**	**5,207.32**
3. Capital Employed			
(Segment Assets-Segment Liabilities)			
a) Iron Ore	1,612.17	1,821.08	1,392.10
b) Other Minerals & Services	94.82	81.60	90.78
c) Other offices	14,132.34	10,552.35	12,852.45
Total	**15,839.33**	**12,455.03**	**14,335.33**

NOTES:

1. M/s Sponge Iron India Limited, Hyderabad is being merged with the Company w.e.f. 01-07-2010, in accordance with the orders of the Ministry of Corporate Affairs. The consequential accounting adjustments would be carried out during the quarter ending 30-09-2010.
2. Action has been initiated to sell the plant and machinery to Silica Sand Project, Lalapur. There is no significant change in the status of UPFO plant, which is under 'care & maintenance'.
3. The Company has received 2508 complaints from investors (mainly in connection with FPO) and all of them were disposed off; therefore, complaints lying unresolved at the quarter ended 30th June, 2010 be treated as "NIL".
4. The above results have been reviewed by the Audit Committee at its meeting held on 02nd August, 2010 and approved by the Board of Directors at its meeting held on 02nd August, 2010.

didn't help that we had created an admittedly very amateurish video (shot by handheld camera) to introduce our executive team. One meeting in particular, with mutual-fund and hedge-fund investors at New York's Waldorf-Astoria Hotel the day after our pricing announcement, was roundly criticised as not serious enough and thin on details. (That was fair — on both points.)

There weren't a lot of orders, and to be frank, we wondered if we'd made a mistake in choosing an auction-based approach. The offers that did come in were at or below the low end of the range we'd anticipated. When the bidding period ended, it was clear that we weren't going to be able to sell all the shares we had planned to sell in the price range we wanted. I met with the board to discuss whether we should delay our IPO and hope to get a higher price later. Our underwriters believed that we could close the IPO with a price around $80 to $90 a share if we reduced the number of shares for sale — a disappointing outcome. In the end we decided to close the IPO for a number of reasons, the most important being that it was time to put this chapter behind us and get back to running our business. So on August 18 we agreed to price it at $85 a share.

After the Countdown

We flew overnight to New York to watch our shares start trading on the Nasdaq on Thursday, August 19. We showed up in the morning, bleary-eyed. That day the *Wall Street Journal* headline "How Miscalculation and Hubris Hobbled Celebrated Google IPO," and CNBC commentators were talking us down all morning. I remember thinking as we headed down to the Nasdaq trading floor, *We're screwed.*

Just before the trading started, there was a countdown on the floor: 5-4-3-2-1. We watched the first trade, but it wasn't at $85 — it was at $100, an 18 per cent increase over our IPO price. Someone was making fast money. Despite our efforts, people were buying and flipping within an hour, taking a quick $15-a-share gain. The volume was huge.

All day long the stock price never went down. It closed at $100.30.

We were now public. Thrilled and exhausted, we flew home to California. By the following Monday our stock was trading at $105 to $110. Now there was an unbelievable amount of excitement in the press. Even the *New York Times* had weighed in on its editorial page: "Google still exudes that unabashed Silicon Valley anti-establishment attitude... Nowhere was that more apparent than in the way it sought to dictate to Wall Street the terms of its own sale, as opposed to the other way around. This is a commendable impulse — I.P.O.s have generally been structured to benefit insiders."

The IPO had consumed so much of our time and focus that I decided we needed closure before we could get back to business. The Olympic Games were taking place in Athens then, so they were on our minds. I ecutive at Google who has a wonderful voice, to say something appropriately Olympian to our management team to conclude our ordeal. He stood up in the boardroom we use for our executive management meetings and declared: "We now pronounce the end of the Google IPO."

I told everyone to get back to work. As a management team, we haven't talked about the IPO since.

So, what had we done right? What had we done wrong? The right is easy to point to: Going public is a massive undertaking, and our finance, legal, and management teams had risen to the task, tackling the many obstacles in their path with tenacity, intelligence, and patience. In the end we made it, even if we did stumble somewhat coming out of the gate. As for the wrong: To this day I can't fully explain why our stock price opened so high — causing the pop we had tried to avoid. A lot of complicated factors played a role.

For a CEO, outcomes are what matter most. Although personally I would prefer to run a private company (it's easier), we made the decision to go public, and Google ended up succeeding beyond our most optimistic dreams.

And the naysayers were wrong. We didn't change. Basically, the same people are still running Google, in accordance with the same values we had as a private company. If you have the right people and the right values, and if you stick to your goals, you can go through a process like this and remain coherent as a company.

Crazy as the whole process was, I wouldn't change a thing — except maybe that *Playboy* interview. ⊙

If you have the right people and the right values, and if you stick to your goals, you can remain coherent as a company.

Eirc Schmidt *is the Chairman and CEO of Google.* *This article was published in Harvard Business Review, May 2010.* *Copyright @2010 Harvard Business School Publishing Corporation. All rights reserved.*

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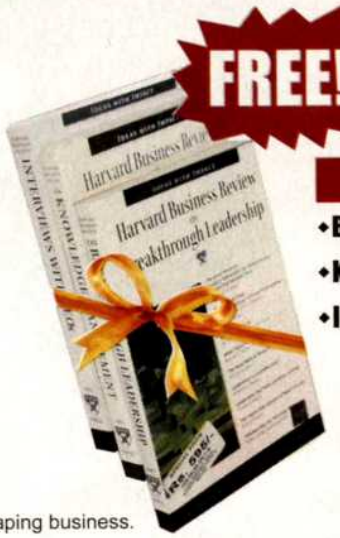

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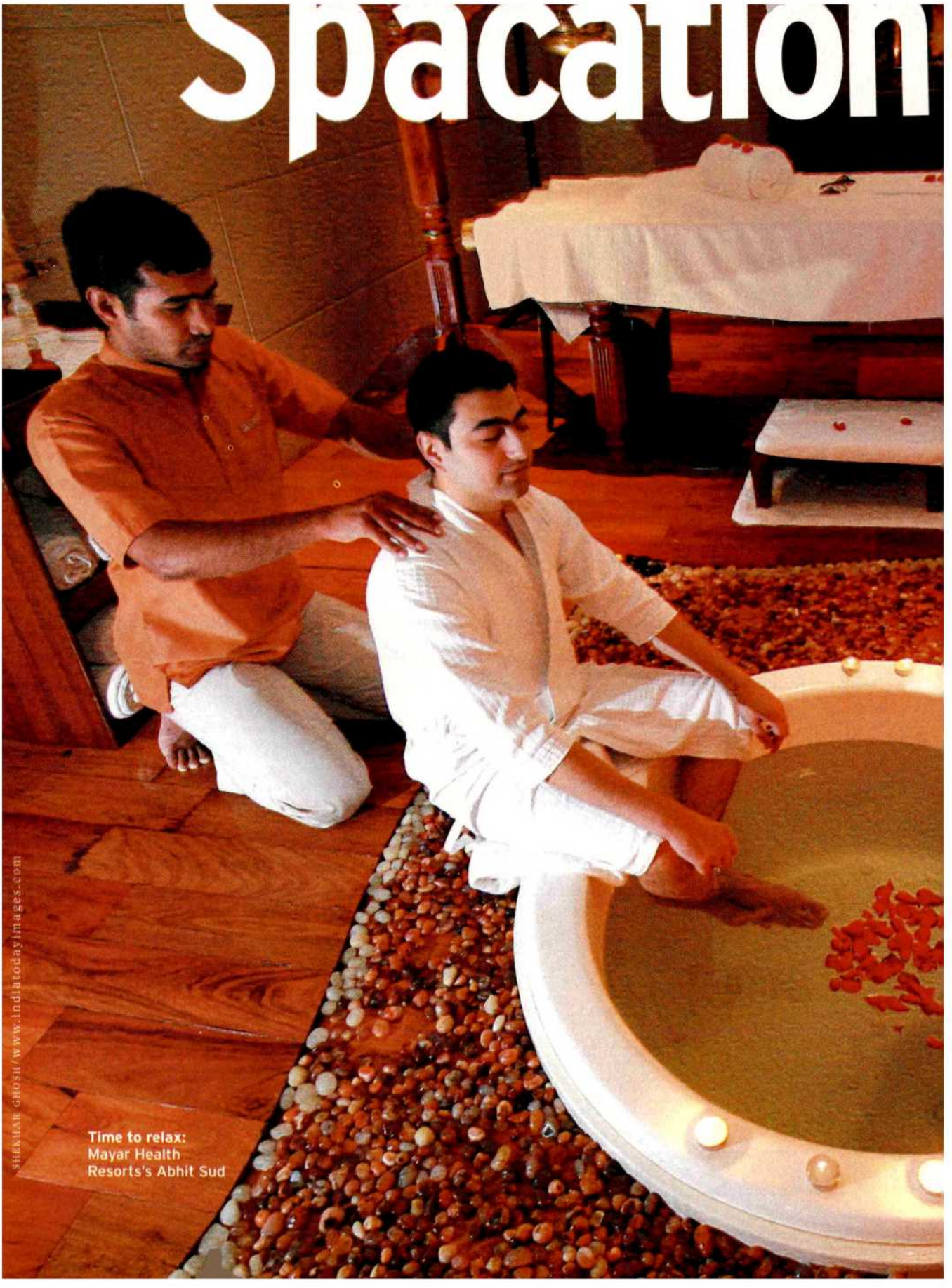


Time to relax: Mayar Health Resorts's Abhit Sud

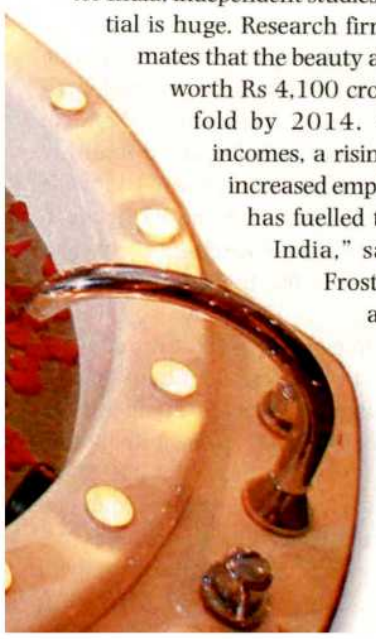
SHEKHAR GHOSH/www.indiatodayimages.com

Anyone?

India's wellness market is booming as international spa chains come calling and home-grown brands get ready for expansion. BY ANUMEHA CHATURVEDI

When Red Door Spa Holdings, Elizabeth Arden's 100-year-old spa chain, finally decided to look beyond American shores, it booked airline tickets to India. In a mission spearheaded by CEO Todd Walter himself, the company dissected India's demographics and key spending patterns for almost a year before deciding to scout for locations. "We chose India because of its young and growing population that demands the lifestyle of their western counterparts. The health and wellness market will grow dramatically over the next decade," reckons Walter.

The American spa brand should know a thing or two about the business. It is the largest operator of luxury day or stand-alone spas and salons in North America today, with over 30 spas in New York, Chicago and Washington D.C. and revenues of $500 million (Rs 2,300 crore). As for India, independent studies indicate that the potential is huge. Research firm Frost & Sullivan estimates that the beauty and spa industry alone is worth Rs 4,100 crore and would grow five fold by 2014. "Growing disposable incomes, a rising affluent class and an increased emphasis on preventive care has fuelled the wellness growth in India," says Anurag Dubey of Frost & Sullivan's Health IT and Healthcare Delivery Practice, South Asia and Middle East. A Nielsen survey estimates a total of 2.5 million affluent households across 35 Indian cities with three in 10 individuals visiting a spa or a



The sheer market size and the unorganised nature of the spa industry make India an attractive stop for international players. French skin care player L'Occitane has already awarded the master franchise for its spas to Sanghvi Brands, a privately-held wellness company, and has partnered with Devi Resorts, a group of luxury boutique hotels, to launch three spas in its properties in Jaipur and Udaipur by October. It is confident of a turnover of Rs 30-40 crore in the next two years and plans to launch at least eight spas in the next two years. L'Occitane and its franchisee feel that a steady flow of international and well-heeled Indian visitors to such locations assures it a fairly consistent customer base. "It would take us about 30 months for a decent break-even in a day spa, and in hotels, we hope to accomplish it in 18 months," says Darpan Sanghvi, MD of Sanghvi Brands.

Indian players, too, don't want to miss out on the action. They are cannily avoiding a head-on battle with the international giants by building their own USP. So, while L'Occitane prides itself on its ability to customise treatments based on its international store products, the big home-grown spa brands like Ananda in the Himalayas and Amattra are offering traditional ayurvedic therapies. Ananda, India's sole destination spa and the flagship of the IHHR Hospitality Group, incorporates yoga and ayurveda in personalised treatments that cover nutrition, exercise, stress management, detoxification, deep relaxation and anti-ageing. The group claims that the Ananda business has grown steadily over the years, riding out the recession on the strength of worldwide recognition and customer loyalty. "Customers and total revenue have shown an increase of over 30 per cent compared to 2009 and we expect to finish about 25 per cent higher than 2008 (pre-recession) levels at the end of this year," says Mahesh Natarajan, Vice President for Marketing at IHHR

brand, is doing brisk business with its two spas in Delhi. "We're a preventive spa brand offering ayurveda therapies to people with definite lifestyle disorders," says Abhit Sud, MD of Mayar Health Resorts. The company, whose clients include Congress MP Rahul Gandhi and former British Prime Minister Tony Blair and his wife Cherie, says it is growing at over 70 per cent year on year since 2004. "We hope to double revenues of our spa business from $7.5 million (Rs 34.5 crore) to $15 million (Rs 69 crore) by 2014," adds Sud. Mayar certainly seems gung-ho, with plans to launch Amattra health destination resorts — properties offering ayurvedic treatments for lifestyle ailments. Mayar's first 100-room property is coming up in Sohna, Gurgaon. Four more resorts will come up by 2015.

"We chose India because of its young and growing population"

Todd Walter, CEO, Red Door Spa Holdings

Delhi-based wellness firm VLCC, which runs four day spas, is also gearing up for expansion. VLCC is present in 225 locations across 90 cities offering slimming, skin and hair solutions. "We're also planning to start medi spas, which offer clinical treatments, in India, in collaboration with a US-based company," says Vandana Luthra, Founder and Mentor of VLCC.

India has over 2,000 spas across three broad formats, day spas, spas within hotels and destination resorts, according to industry estimates. And if Red Door's research is to be believed, the fragmented market is expected to swell, with 1,000 new spas afloat? Make no mistake, the Indian market is only for long-term players, given the high real estate costs and expensive procedures, products and therapies. L'Occitane, for one, has already tweaked its business model for India. Globally, it operates its 35 spas under three broad formats: day spas, spas within hotels, and petit spas (small treatment rooms within stores). In India, it is beginning with a narrow focus: tie-ups with hotels. "Rentals are a big problem in India, and if you pay fixed rent in a great location, you can't make money," reasons Sanghvi.

It took Amattra five years to break even in 2009. "The biggest challenge was to convince spa-starved Delhiites about a curative wellness model, which was not just another salon or a massage parlour," laughs Sud. Treatments at Amattra start from Rs 3,500 and go up to Rs 7 lakh. Above all, a spa venture is a long-term process as it involves a gradual build up of customer loyalty. Amattra today claims to have a customer retention rate of 90 per cent with 700 members, and attributes the success of its new wellness brand, Three Graces, to awareness and a loyal clientele. The global chains would concur. L'Occitane prides itself on its three million global loyalty programme customers. For instance, in Hong Kong, over 70 per cent of the guests at its spas are repeat customers and the remaining 30 per cent are referred to by existing clients. "Spas can be marketed only by delivering superior services and quality," asserts Sud.

Most spa chains, then, are trying to broadbase their customer base by wooing the middle class. L'Occitane has priced its treatments in India at least one-fourth less than its prices elsewhere in the world. Amattra has tied up with banks and offers equated monthly installment or EMI facilities for its packages. And while premium spas continue to cater to the posh brigade in five-stars, home-grown spa brands are emerging to cater largely to the middle class — like Bangalore's The 5th Element and Bodycraft.

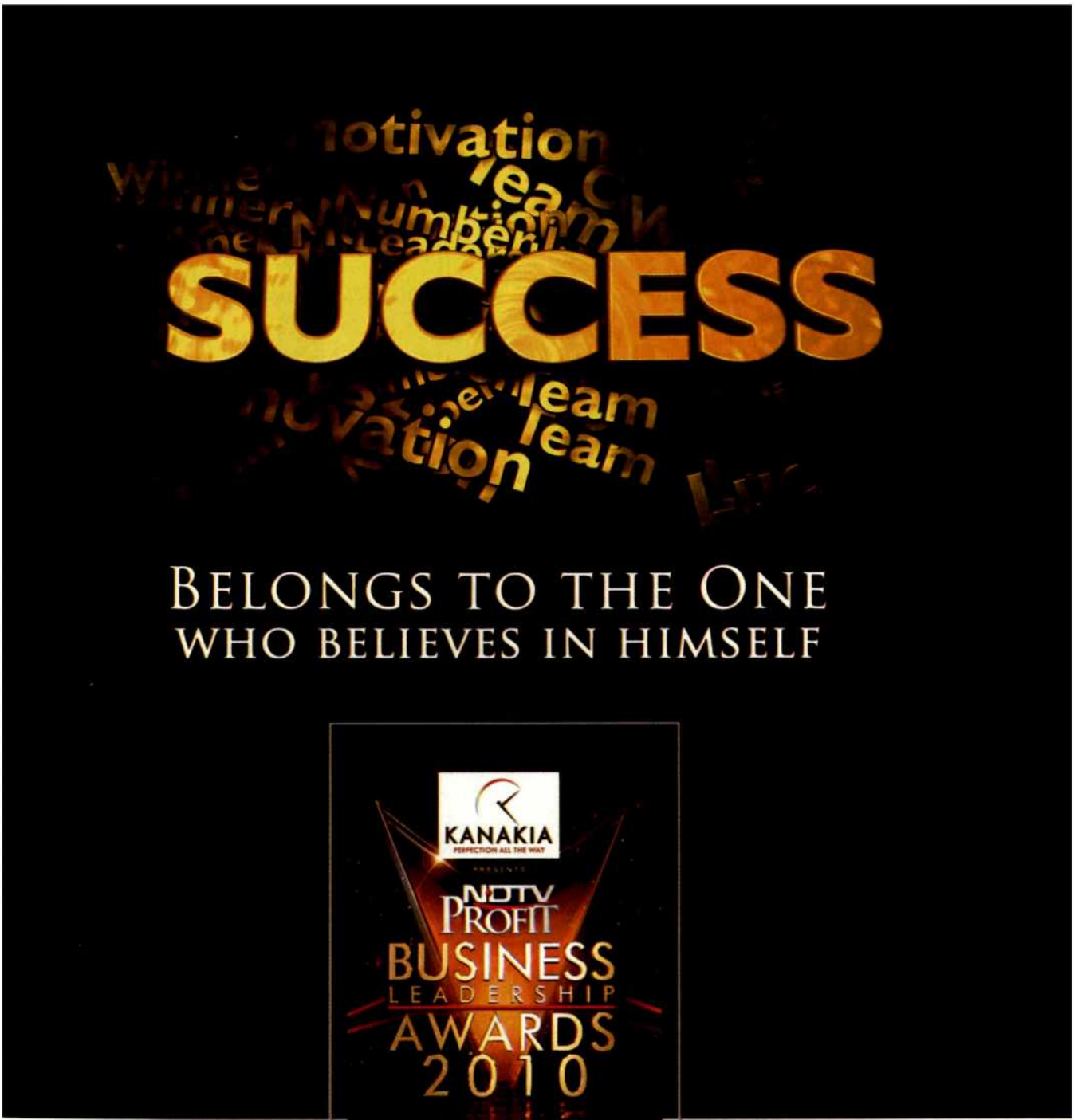
That may well be the way to go. Frost & Sullivan's Dubey cites the success story of Four Fountains Spas. A Pune-based chain of affordable spas, the company was founded by IIM alumni Sunil Rao, Anurag Kedia and Saurabh Garg in 2007. A Four Fountains spa cost Rs 45 lakh to build compared to Rs 10-20 crore for a high-end spa and its services start at Rs 449. With revenues topping Rs 2 crore, the group has already broken even with four spas and is now looking at a national footprint of 300 spas in 50 cities by 2014. Spa-ctacular indeed! ⊙

Spa-ctacular

- The Indian beauty and spa market is worth Rs 4,100 crore; expected to touch Rs 19,300 crore by 2014
- A Nielsen survey estimates that three in 10 affluent individuals in 35 Indian cities visit a spa or a parlour every month
- A highly unorganised spa industry makes for an attractive stop for international players

... But...

- High start-up costs (real estate, expensive therapies) make it a viable business only in the long term
- More players will make winning customer loyalty difficult – crucial for spas as global experience shows
- The Indian middle class may stay away given the high spa treatment costs



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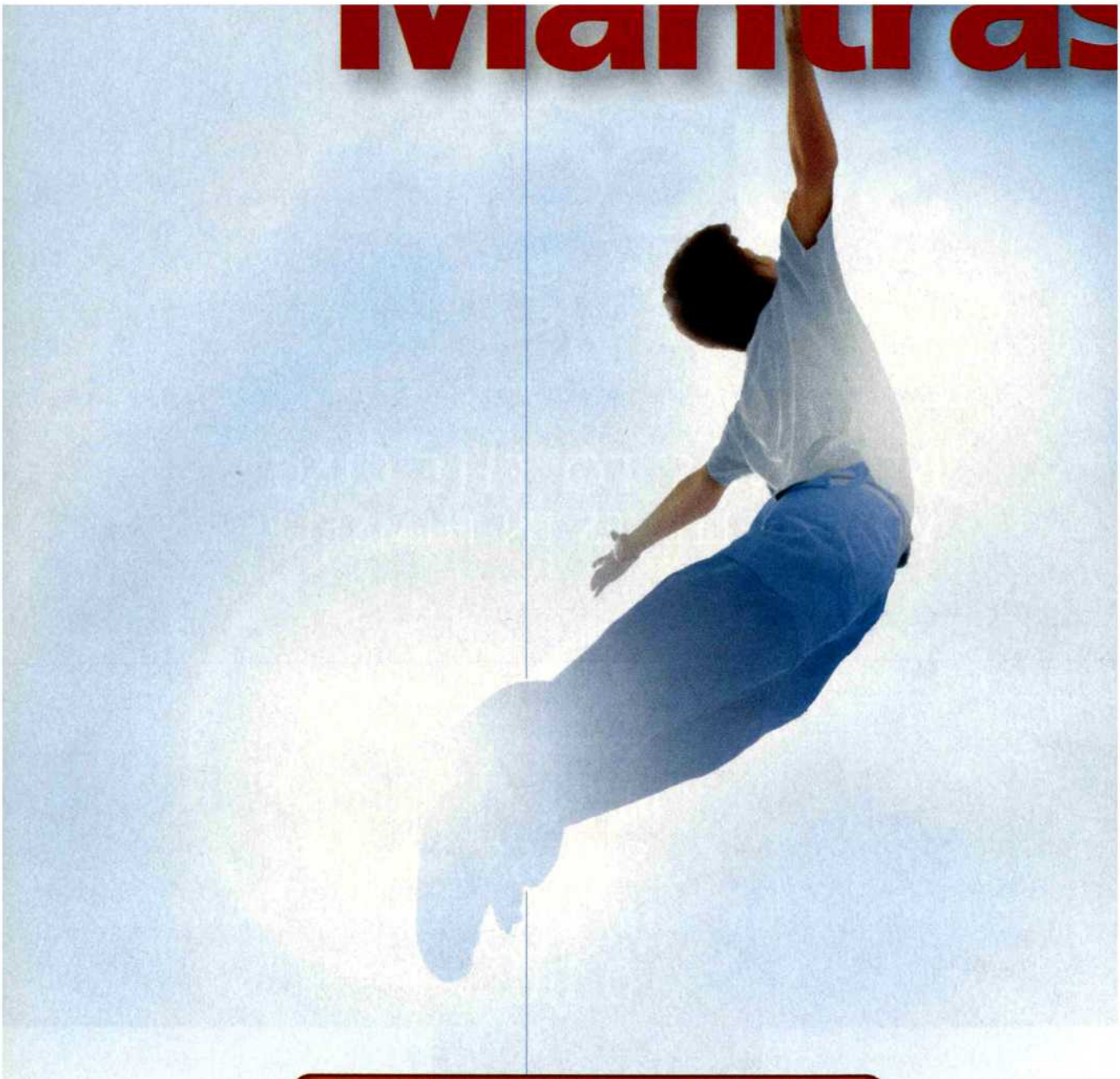

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MANTRAS OF SUCCESS

9.00 to 10.00 : Registration

10.00 to 10.15 : Welcome Address
Speaker: ***Aroon Purie,*** *Editor in Chief, India Today*

10.15 to 11.15 : Inaugural Session: Dream Big, Do Bigger
Dreams can come true if you have the courage to pursue them. Hear it from one whose dreams have always been larger than life, but not beyond achievement for him. Whether its business or public service, the art it seems, is to keep topping up the effort by putting all you've got into it.
Speaker: ***Nandan Nilekani,*** *Chairman Unique Identification Authority of India; Former CEO & MD Infosys*

11.30 to 12.30 : Luncheon Keynote Session: Keep Your Eye on the Board
Staying focused is the thin line that divides the chumps from the champions. A living legend speaks on his secret of prevailing in the toughest of games, chess, as in life.
Speaker: **Viswanathan Anand,** *World Chess Champion*

13.30 to 14.45 : Session Careers: Believe in Yourself
Do you go with your instinct or what the world tells you to do? Three professionals talk about what prompted them to make a break from the expected and come out on top.
Speakers:
Chhavi Rajawat, *Corp Exec, now elected Sarpanch, Soda Village, Rajasthan*
Sanjeev Sanyal, *President & Founder, Sustainable Planet Institute*
Mukul Deora, *Entrepreneur, Musician, Installation Artist*

15.00 to 16.00 : Session Technology: The Magic of Sixth Sense
If your finger becomes a mouse & any surface, including the palm of your hand can serve as a screen, does technology then cross over into the realm of magic? - The day isn't far when this young Designer / Engineer turns magic into reality!
Speaker: **Pranav Mistry,** *Designer + Engineer, Inventor of Sixth Sense*

16.15 to 17.00 : Keynote Session: Going For Broke
Winning, they say, isn't everything - turns out its the **only** thing. One who has lived on the edge, talks of the inspiration, perspiration & heartbreak that shaped his realization of this truth.
Speaker: ***Sourav Ganguly,*** *Former India Cricket Captain*

17.30 to 18.00 : Session Cinema: No Grit, No Glamour
Stardom is not as easy as it looks. It takes hard work, wisdom and yes, the 'wow' factor. Hear it from someone who has all three in equal measure.
Speaker: **Katrina Kaif,** *Hindi Film Actor*

18.15 to 19.15 : Concluding Session: Politics: The Good, The Bad & The Ugly
India's Youth are cynical and wary of the way politics is played out, not only in our institutions of governance, but in every sphere of our lives. Our democracy seems to have reached a dead-end. One politician, who has always maintained his scientific outlook despite the turmoil of politics, can tell us how to bring the idealism, the dedication, the vigour and enthusiasm of our Youth, to change India's destiny - to deliver the good and throw out the bad and the ugly.
Speaker: **Jairam Ramesh,** *Minister of Environment & Forests*

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Walking Softly and Carrying a Big Stick

America's move to hike H-1B and L-1 visa fees may push Indian tech majors to hire more locals abroad.

Should America's porous land border with Mexico be of any concern to Indian information technology (IT) professionals? It would appear so, with the US administration seeking to fund increased border patrolling and surveillance by raising the fees for H-1B and L-1 visas used by expatriate IT workers.

The US has passed a border security Bill that increases the fees for H-1B and L-1 visas by $2,000 (about Rs 92,000) apiece. At present, Indian technology companies shell out at least $3,000 (Rs 1.38 lakh) for an H-1B visa and $1,750 (Rs 80,000) for an L-1 visa.

"We believe this move will have a negative impact on Indian companies which are investing in the US, employing and driving US technological talent and, overall, aiding the US economic recovery," Nasscom, the Indian IT industry lobby, said in a statement.

The increased visa fee will be applicable to companies that employ 50 or more people in the US and have more than half their employees under the H-1B or L-1 categories. The new piece of legislation will not impact American technology firms as H-1B or L-1 visa holders account for less than half their workforce.

AMIT KUMAR

Som Mittal, President, Nasscom

"The visa fee hike will unfairly reduce the competitiveness of Indian firms"

The Indian IT industry is going to be hit the hardest by this fee hike and is, naturally, crying foul. "The Indian IT industry, while recognised as a success story, is a fraction of the US technology business, and it is shocking that the Senator (Charles Schumer) chose to blame this sector for all the generic issues of the US — increasing unemployment, lower wages, students not taking up technology education, etc," says Nasscom President Som Mittal. Senator Schumer has co-authored the Bill and called IT major Infosys Technologies a "chop shop".

Mittal argues that while Indian companies, which account for less than 12 per cent of the H-1B visas, will be badly hit by this move, US companies, which also use these visas in large numbers, will remain unaffected, thus unfairly reducing the competitiveness of Indian firms. Also, in the absence of a totalisation agreement, Indian firms and citizens are already paying more than $1 billion to the US in the form of social security premiums, without any benefit or refund, he adds.

But some IT industry honchos play down the immediate impact of the US move. "Most Indian IT companies would have made provisions for H-1B visas for this year, so the impact will be felt only next year," says Ganesh Natarajan, Vice Chairman and CEO, Zensar Technologies, an IT services company headquartered in Pune. Moreover, the financial liability arising from the fee hike will not exactly be huge for Indian companies, as it will mean an additional cost of only $200-250 million a year, though it does send a wrong signal, he adds.

The move will have a marginal impact on Zensar, which has local development centres in Poland, the US, the UK, Singapore and China (to be opened in September). "Most IT companies are looking at globalisation of the workforce. This Bill will accelerate the trend," says Natarajan. ⊙

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Location: Bangalore
Job ID: 7552908
Description: He/She must have expertise in at least 4 of the following technologies: Spanning-tree, RSTP, MSTP, VLAN, L2-security features, OSPF, BGP, IS-IS, IP Multicast, Unix/Linux.

Patni Computer Systems Ltd
.Net Profiessionals
Location: Chennai, Noida
Job ID: 8535871
Description: Applicant must have expertise and relevant work experience in .net 3.0, ASP.net, C#, WCF, WPF, MOSS, Share point, RDBMS: SQL, Oracle.

ADP India
Automation Testing Engineers
Location: Pune
Job ID: 8526801
Description: Ideal candidate must have relevant work experience and expertise in using various automation test tools like QTP etc.

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Business Development Manager
Location: Noida
Job ID: 3482203
Description: Duties: Target based sales and revenue generation; Travelling for client meetings; Presentations, pre-sales costing & negotiations; Working on CRM system for managing information.

Nous Infosystems Pvt. Ltd.
Business Development Manager
Location: Bangalore
Job ID: 5388663
Description: Applicant must have ex selling IT services/Products; IT servic experience in Germany / European M Exposure to marketing; exc communication skills.

Oracle
International Business Dev Mgr
Location: Bangalore
Job ID: 8381588
Description: The candidates should be a graduate and should have at least 2 to 6 years experience handling end to end sales cycle of Software products.

Firstsource Solutions Limited
Marketing Lead
Location: Mumbai
Job ID: 8553274
Description: Looking for a perso around 5-7 years of similar Telecom marketing experience at a B2B proc services company (IT/BPO / Company).

Tesco Hindustan Service Centre
Software Engineer
Location: Bangalore
Job ID: 8553602
Description: Will be performing programming using WebLogic Administration and Java Advanced concepts of Clustering, JMS, JTA, Web Service, JMX, Securities, Weblogic diagnostic framework.

Indegene Lifesystems Pvt Ltd
Analyst
Location: Bangalore
Job ID: 8552387
Description: Perform compreh research and analysis of scientific and t published literature to provide r insights in multiple subjects.

SIEMENS
Business Development Manager
Location: Mumbai, Pune
Job ID: 7120803
Description: He will be responsible for overall business development activities in particular zone, exploring business potential, coordination with all concerned departments in corporations etc.

Logix Microsystems Ltd
Team Leader
Location: Bangalore
Job ID: 8480403
Description: Minimum 5 year exper the development of web applicatio Java, Servlet, JSP, Hibernate, spring, Patterns. Familiarity with unix comma Junit are required.

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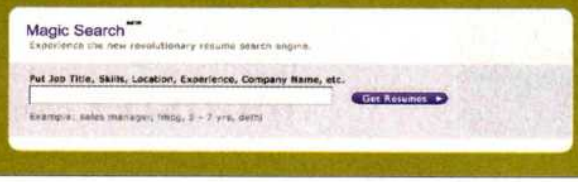

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Chartered Accountant (CPA)
Location: Pune
Job ID: 8552179
Description: Role: Design and Deliver trainings to F&A Teams; GL, AP, AR & Basics of Accounts; Preparing documentation for FNA projects.

Websol Software Private limited
Cost Accountant / ICWA
Location: Lucknow
Job ID: 7689533
Description: Incumbent must have relevant work experience and expertise in the required field.

GlobeOp Financial Services
Associate Manager - Finance
Location: Mumbai
Job ID: 8472839
Description: Duties: Assistance in Budgeting and Re - forecasting including detailed Variance Analysis. Review of all reports .Assistance in early completion on Revenue.

Syntel Inc
Accountant
Location: Mumbai
Job ID: 8112564
Description: The job profile will involve Financial Analysis of various financial and investment products and instruments.

Suzlon Energy Ltd
Financial Controller
Location: Mangalore
Job ID: 8475262
Description: Role: Preparation of Vertical Financial Performance levels and monitoring on regular basis; Analysis of performance - Budget variance, Financial Performance Levels.

QUEST
Assistant Manager - Finance
Location: Bangalore
Job ID: 8538417
Description: Role: Owner for STPI / SEZ / & Sales tax function; Monitoring and Ensuring compliance to these statutes; Co-coordinating with Purchase, RMO and Admin for clearance of duty free.

ACS, Inc.
Financial Analyst
Location: Bangalore
Job ID: 8551242
Description: Candidate must be strong in Japanese Language; experience in Accounting (Preferably: Accounts Payable); excellent communication skills; strong accounting skills.

Deloitte Touche Tohmatsu India Pvt Ltd
Taxation - Manager
Location: India
Job ID: 8526006
Description: Successful applicant will: Provide indirect tax advice, compliance and consultancy services across a range of indirect tax matters and industries & also prepare indirect tax memos.

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Look for the PE Pedigree

A small- or a mid-cap firm backed by private equity can be a good bet if you are considering long-term investment. BY RAKESH RAI

When it comes to investing in equities, small- and mid-cap stocks offer the best potential for appreciation in the long term. On the flip side, an investor can run into daunting losses if he fails to research a company or picks a stock simply on the advice of his broker. Even if an investor has the time and inclination to research, not much information is available on smaller firms. So how does one select a small- or mid-cap stock that can be a long-term outperformer?

While there is no single formula or parameter to pick such stocks, a good indicator is the private equity (PE) or venture capital funding received by a company. A recent study conducted by KPMG-CII claims that it is, in fact, an important factor in the selection process. The report titled, *The Positive Power of Private Equity*, reveals the transformational impact of PE funding on 17 companies. These firms reported higher growth in sales and profitability, as well as greater spend in research and development, which fuels innovation. They also performed better than the Sensex firms and were better paymasters compared with the non-PE-funded companies (in the same industry).

The small- and mid-cap sector is not a small space to invest in. As many as 40 per cent of the listed companies have a market capitalisa-

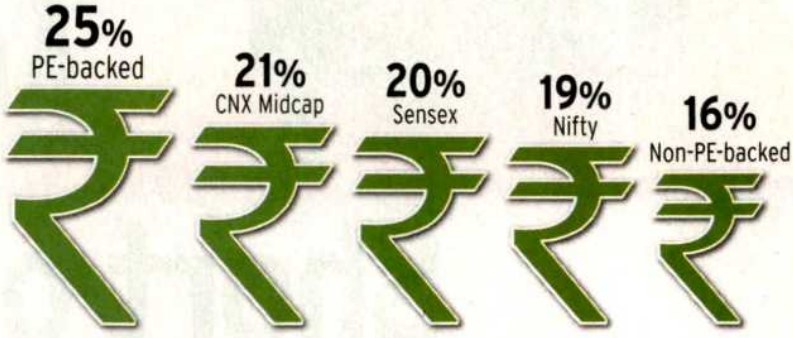
tion of less than Rs 125 crore (as of May 31, 2010). Nearly 80 per cent of all BSE-listed companies have a turnover of less than Rs 100 crore (as of March 31). A common misconception is that only large, well-established companies receive or benefit from PE capital. Actually, 70 per cent of VC/PE funding in 2008 was for the micro, small and medium enterprises (MSME), defined as having a turnover of less than Rs 500 crore. In fact, over the past three years VC/PE investments accounted for almost 33-72 per cent of the total equity raised from primary markets. Nearly 1,500 companies had collaborated with PE firms in India till March 31 this year and excelled in key sectors such as IT/ITes, retail, infrastructure and manufacturing.

What do PE firms do to make their portfolio companies perform better than the non-PE funded ones? Some companies use the funds to scale up business within their existing domain of products, services and geographies. Others recapitalise the firm by, say, reducing debt or enabling access to new debt capital and, ultimately, offering shares to the public in what is called an IPO or initial public offer. Some finance more efficient output through technology or staff training and by bringing in new talent, usually at executive or senior management levels. Yet others develop new products or services with marketing and other support. Firms also use the capital to carve out existing products or service lines and acquisitions.

To better a company's reputation with clients, vendors and other financiers, PE investors may impose non-financial changes, such as new standards of corporate governance, new business models (rebranding or global

The PE Edge

SALES: Companies with private funding saw a higher rate of growth in sales



Figures are annual sales growth between 2000 and 2008
Source: Venture Intelligence PE Impact report 2009

PROFIT: The firms that got venture capital have been more profitable

The profit after tax for PE-backed companies grew at almost 35% compared with the 25% growth rate for non-PE-backed companies

more specialised or high-end positions in the value chain. "The key difference between PE and other forms of capital is the strong operational discipline and management bandwidth brought in after funding in the investee firms," says Gopal Srinivasan, Chairman of CII's National Committee on PE.

Another reason for outperformance could be the expectation of high returns. In exchange for long-term risk capital, investors in PE funds expect an average return of 25 per cent. In contrast, stock markets have earned investors an average of 14 per cent per year over the past decade. It makes the firms more aggressive in exploring business opportunities.

Pincus's investment in Bharti Telecom. It put in $292 million between 1999 and 2001 and offered strategic support to the management, who were also Bharti's promoters. This helped Bharti accelerate its plans to become a national player through acquisitions and organic growth, and to sign global partnerships, while earning healthy returns for its promoters and Warburg. Other companies like Glenmark Pharma, Infrastructure Development Finance Company and Naukri.com also started small but became big names later. So be on the lookout for PE-funded players and you may land a Bharti in the making. ⊙

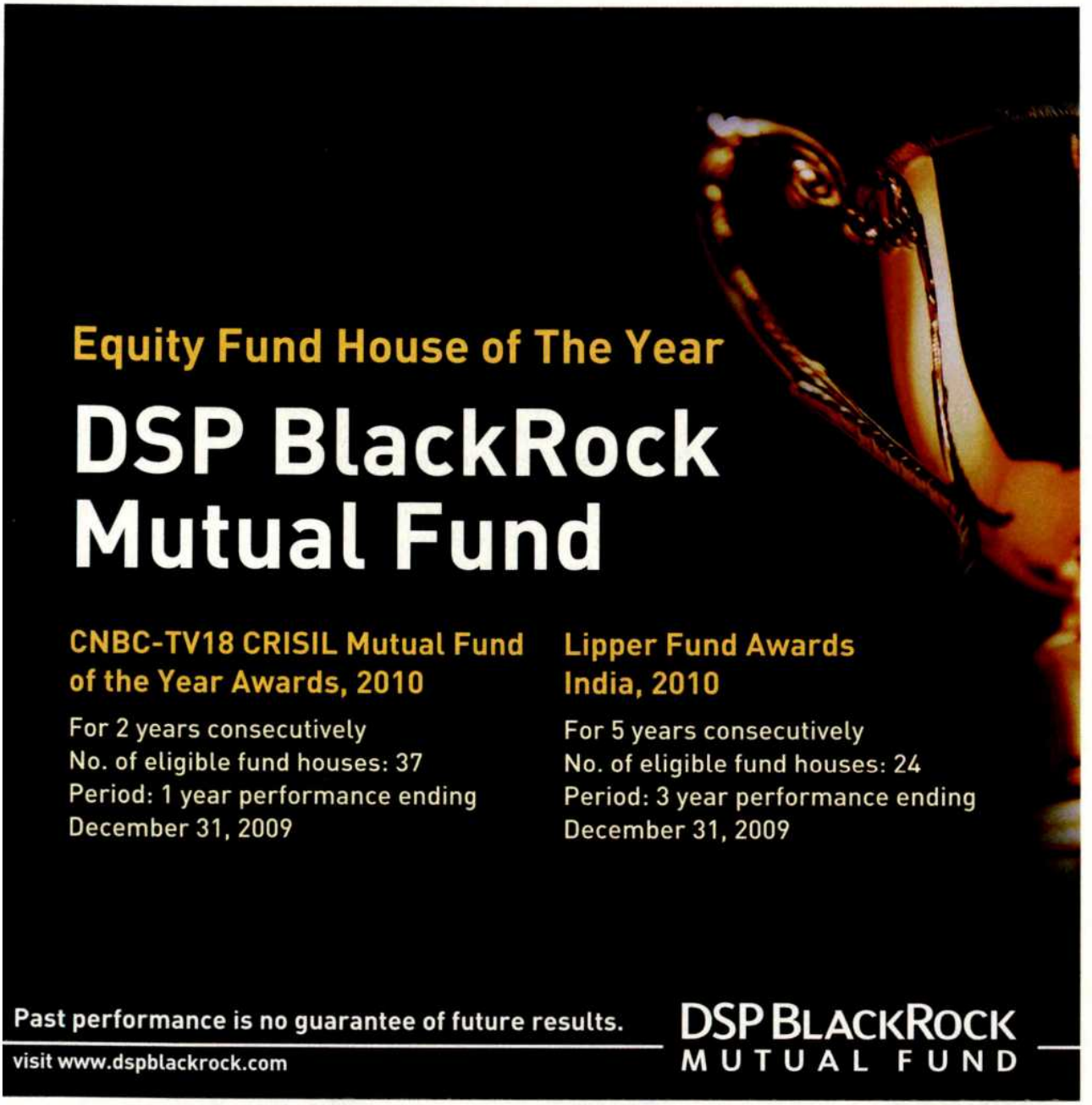
ILLUSTRATINS BY ALANKAR

Short on SUCCESS

Despite reduced risk in short selling and benefits to all participants, the Securities Lending and Borrowing Scheme has failed to take off. BY SAMEER BHARDWAJ

Do you want to make money in the stock market even if you don't own any shares? You can do it through short selling. The technique involves selling shares you don't own at a higher price and then buying them back at a lower price. The difference between the two prices is your profit. However, this involves risk as the short seller does not own the shares during trading and it is probable that he may default on settlement or delivery. To reduce the risk, SEBI launched the Securities Lending and Borrowing Scheme (SLBS) on the NSE in April 2008. When a trader short sells shares he doesn't own, it's termed a naked short sale. SLBS allows the trader to borrow shares at the initiation of the short sale. This is called covered short selling and ensures that the trader fulfils his obligation by imposing adequate margins. Under the scheme, the lenders give their idle shares to short sellers for a period ranging from one month to a year, for a fee that is determined by demand and supply. This gives long-term investors an opportunity to earn additional income. SLBS is applicable in the cash market. However, short-selling can also be done in the derivatives market.

An investor can go short on a stock or market index by selling a futures contract or by buying a put option. Futures enable a trader to buy or sell a fixed quantity of stocks or index (defined in terms of market lots) within a specified period, while a put option grants its buyer a right to sell. So if XYZ stock is trading at Rs 100, the futures seller as well as the buyer of a 100 strike put option will gain if the price falls below Rs 100 on the date of settlement. However, short selling via the derivatives market has some drawbacks compared with doing it through SLBS in the cash market. In the derivatives market, the futures and options (F&O) are traded in market lots, so one has to buy or sell the number of contracts specified in the rulebook. On the other hand, in SLBS, the market lot is one stock. So if a trader wants to sell ITC futures, he needs to trade in a market lot of 1,000 shares. This means a wrong judgment could magnify the losses for the trader. However, by using



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CNBC-TV18 – CRISIL Mutual Fund Of The Year Awards 2010 : DSP BlackRock Mutual Fund won the CNBC TV18 - CRISIL Mutual Fund of the Year Award in the Category – Equity Fund House of the Year. In total 37 fund houses were eligible for the award universe. The award is based on consistency of fund house's performance across the Large cap oriented, Diversified equity, Small & Mid cap equity, ELSS, Index, Balanced, Consistent Equity and Consistent Balanced categories in the four quarterly CRISIL CPR rankings released during the calendar year 2009. The individual CRISIL CPR ranks for their schemes were aggregated on a weighted average basis to arrive at the final ranks for fund houses. A detailed methodology of the CRISIL CPR is available at www.crisilfundservices.com. Past performance is no guarantee of future results. **Rankings and Award Source:** CRISIL Fund Services, CRISIL Ltd. **LIPPER FUND AWARDS 2010:** Although Lipper makes reasonable efforts to ensure the accuracy and reliability of the data contained herein, the accuracy is not guaranteed by Lipper. Users acknowledge that they have not relied upon any warranty, condition, guarantee, or representation made by Lipper. Any use of the data for analyzing, managing, or trading financial instruments is at the user's own risk. This is not an offer to buy or sell securities. Methodology: All calculations are based on Lipper's risk adjusted Consistent Return measure, before sales charge. Only the primary fund class is considered. Criteria (Cumulative): Funds registered for sale in India as of 31 December 2009. At least 36 months of performance history as of 31 December 2009. Best Equity Fund Group - 24 fund houses considered. Classification awards will be handed out to classifications with at least five distinct portfolios. To be eligible for an asset class group award, the groups will need to have at least three distinct portfolios in one of the asset classes: equity, bond, or mixed-asset. Ranking Source: Lipper www.lipperweb.com **Statutory Details:** DSP BlackRock Mutual Fund was set up as a Trust and the settlors/sponsors are DSP ADIKO Holdings Pvt. Ltd. & DSP HMK Holdings Pvt. Ltd. (collectively) and BlackRock Inc. (Combined liability restricted to Rs. 1 lakh). Trustee: DSP BlackRock Trustee Company Pvt. Ltd. Investment Manager: DSP BlackRock Investment Managers Pvt. Ltd. **Risk Factors: Mutual funds, like securities investments, are subject to market and other risks and there can be no assurance that the Scheme's objectives will be achieved. As with any investment in securities, the NAV of Units issued under the Scheme can go up or down depending on the factors and forces affecting capital markets.** Past performance of the sponsor/AMC/mutual fund does not indicate the future performance of the Scheme. Investors in the Scheme are not being offered a guaranteed or assured rate of return. Each Scheme/Plan is required to have (i) minimum 20 investors and (ii) no single investor holding>25% of corpus. If the aforesaid point (i) is not fulfilled within the prescribed time, the

SLBS, he can choose to short sell only one stock. This safeguards him from the ill-effects of leverage.

Pros and Cons

SLBS helps in exploiting arbitrage opportunities between the cash and derivatives markets. When the futures are trading at a discount to the cash market, one can short sell the shares by borrowing them through SLBS while simultaneously buying the futures contract. Let's assume the stock of ABC is trading at Rs 200 in the cash market and at Rs 180 in the futures market. The market lot is 100 shares, while the market-determined cost of borrowing the shares through SLBS is Rs 5 per share. If we borrow shares in the cash market and sell them, and simultaneously buy the futures contract, it will entail a profit of Rs 2,000 [100 x (200-180)]. Even after paying Rs 500 as borrowing cost, we will generate Rs 1,500 as riskless profit.

Though SLBS seems beneficial, investors have ignored it and all efforts to garner their interest have failed. Between June 2009 and June 2010, there have only been 106 trades, amounting to a meagre Rs 6.42 lakh. The majority of the participants prefer the derivatives segment for short selling. According to experts, the reason for the lack of interest is the high cost associated with SLBS. According to Santanu Syam, Executive Director of Operations at Angel Broking: "A borrower needs to pay the full amount up front, besides additional margins. The sum of all margins works out to as high as 100 per cent or sometimes even more." Also, SLBS is applicable only to stocks that are traded in the F&O segment.

The system forces investors to shell out more than they need to pay in the derivatives segment. For example, if an investor wants to borrow 125 shares of Infosys at a price of Rs 2,600, it would involve a payment of Rs 3.25 lakh, plus the cost of borrowing. Also, margins such as cash margins are as high as 25 per cent of the lending price. So a short seller will need to pay Rs 4.06 lakh. In the derivatives segment, the investor will pay about 40 per cent margin (all inclusive). Therefore, the same could be short sold with a margin of Rs 1.3 lakh.

Short selling is beneficial when the markets are overvalued or when stocks are trading at unwarranted premiums over their fair values. Also, it enhances liquidity and provides stability to the stock markets. "To make the scheme more useful, the regulator should revise the margin requirement and introduce scrips other than those listed in the F&O segment," says Syam. Hopefully, the recent approval by SEBI to allow physical settlement in the derivatives segment will be the impetus that revives SLBS. ⊙

Courtesy: *Money Today*

SLBS: THE WIN-WIN SITUATION

The Securities Lending and Borrowing Scheme offers several advantages to all participants. While it helps traders gain from arbitrage opportunities, the lenders can earn money from the shares that are lying idle

MARKET

- Enhances liquidity and helps in the price discovery process, that is, in judging the fair value of the stock
- Makes the cash market settlement process more stringent
- Enables informed investors to take a balanced view of the market
- Leads to efficient futures prices

LENDERS

- Enables long-term investors to earn money from their idle shares
- Provides opportunities to earn money in bear markets, that is, when prices are going down
- Lenders are rewarded adequately as the lending fee is determined on the basis of demand and supply

BORROWERS

- Promotes the practice of covered short selling, which reduces risk
- Helps investors to adopt alternative investment strategies, such as arbitrage
- Promotes disciplined trading practices by penalising the defaulting traders

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r research has shown that buying a Mutual Fund that mimics Nifty Junior (an index of 50 mid-cap mpanies listed on the NSE) can give you higher returns at a much lower risk than Penny Stocks d Derivatives. Get more such well-researched and analysed content on Markets and Investing with

CARE TODAY
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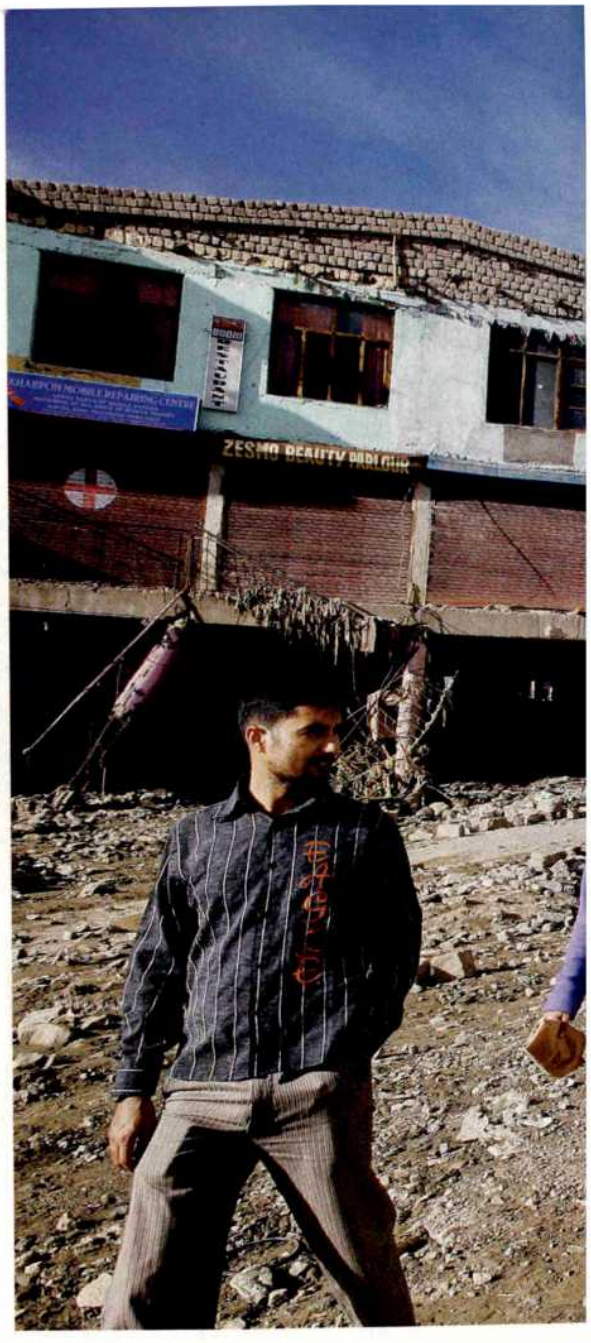
THE LEH FLASH FLOODS RELIEF FUND

Leh has been devastated by a massive cloudburst. CARE TODAY appeals for donations to rebuild the town and rehabilitate the victims.



Between 1.20 a.m. and 2.20 a.m. on August 6, a massive cloudburst occurred in the high-altitude Leh region of Jammu and Kashmir's Ladakh district. The flash floods that followed the cloudburst snuffed out lives and damaged dwellings in the town and its adjoining areas. As this appeal is being written, 166 people, including 23 foreign nationals, are dead and over 400 are still missing.

■ The calamity has led to the widespread destruction of both personal and public property. There is a shortage of food, water and medicine due to loss of road connectivity. A communications breakdown has worsened the situation for survivors.

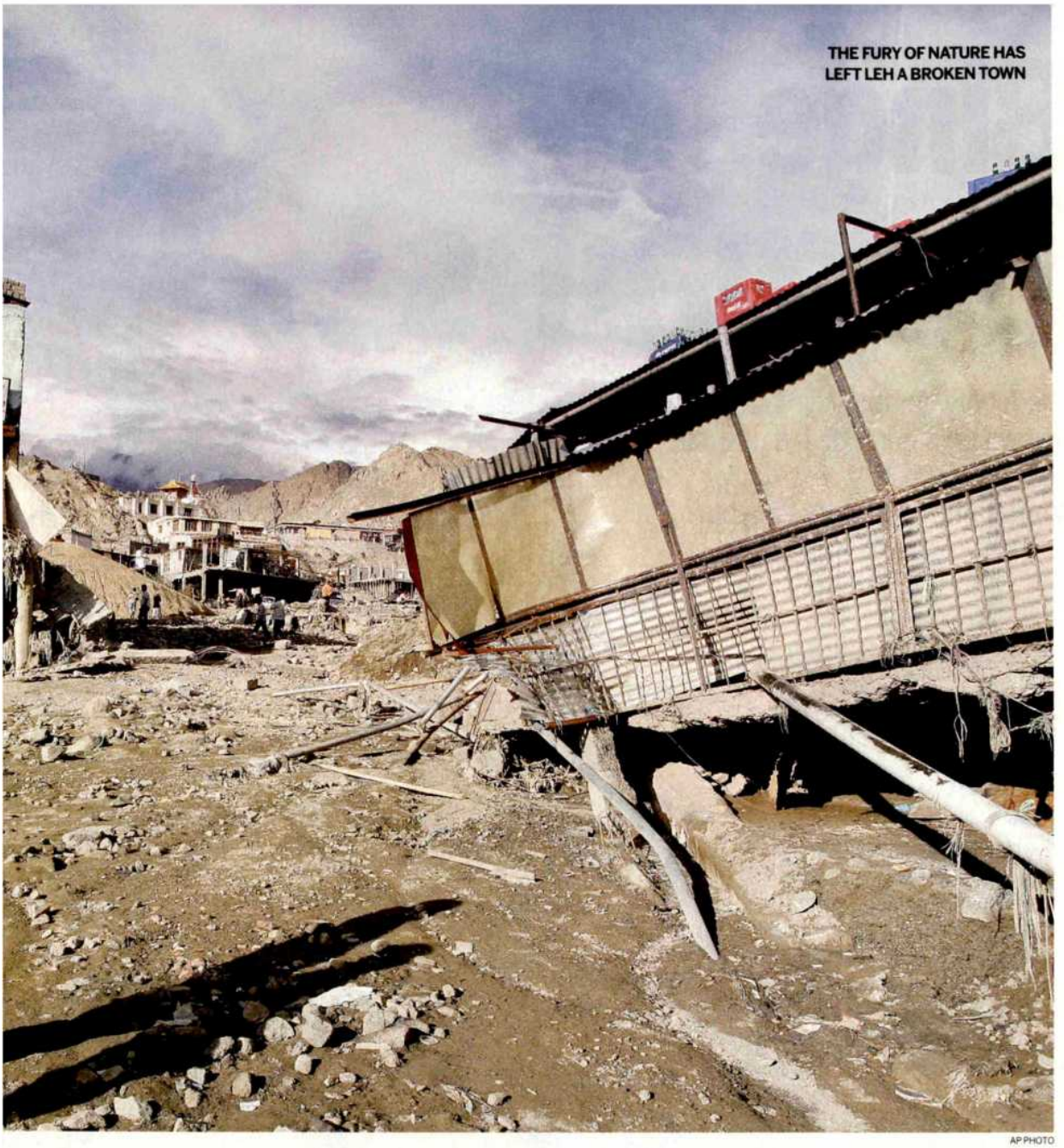
■ Many children perished and those who have survived will soon learn that the schools they went to are destroyed and the houses they lived in with their parents are lost. Some unfortunate ones will also find out that their parents are no more. Apart from tourism, cattle rearing is a major economic activity in the region. Economic misery is sure to follow.

■ In 1999, the Kargil War in the very same region gave birth to CARE TODAY which acts as a link between readers, viewers and listeners of the India Today Group and the problems that the nation faces and that one wishes to do something about. We have since responded to the supercyclone in Orissa, earthquakes in Gujarat and Kashmir, droughts in Rajasthan and Gujarat, the Indian Ocean tsunami and the Kosi floods in Bihar with the highest standards of

victims of the Leh flash floods. We would like to supp immediate relief work as well as long-term rehabili tion initiatives connected with this disaster. CARE TOI has already started contacting actors on the grou and its Executive Director is visiting Ladakh this we in order to obtain a first-hand account of disaster a the relief organisations working in the area.

■ CARE TODAY will ensure that its work benefits worst-affected communities by addressing their r needs and will report back through the pages INDIA TODAY on the progress it has made. The India To Group has made the first contribution, with Liv Media India Ltd and the TV Today Network contrib ing Rs 5 lakh each to the fund.

■ All contributions of Rs 5,000 and above will



THE FURY OF NATURE HAS LEFT LEH A BROKEN TOWN

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Binge on Bargains

The highly competitive telecom market throws up a good deal a day, but picking the best can be tricky. KAMYA JAISWAL shortlists some tempting offers for you.

Handset

Rs 799

How cheap can a phone be? No, don't answer yet. Because even as you do, handset manufacturers are working on lowering the bar set by Vodafone's VF 150. Priced at Rs 799, the VF 150 is cheaper than the weekly grocery bill for most urban families. Of course, the phone does not have spectacular features, but you can talk and text easily with minimal compromise on quality. In addition, the phone flaunts a one-year warranty (though you could buy a new one without batting an eyelid), a torch, phonebook capacity of 200 numbers and SMS storage of 20 messages. The specifications may be too basic for a technophile, but the VF 150 is a perfect buy for those who want their devices fuss-free (think grandparents) or those who can't help forgetting their phones in restaurants and cabs. (think scatterbrain aunt). More value for less money.

Mobile TV

Below Rs 7,000

Forty live and 10 content-on-demand channels on the go. What more can a TV addict want? For it to be cheap as well. Samsung's Metro TV is the answer to both wishes. The phone sets you back by Rs 6,999, which is higher than the price of an usual low-end phone, but skip a couple of dinner outings and you will be able to watch your favourite shows when stuck in a traffic jam. The CDMA phone uses the MimobiTV application to view and record programmes and works on both CDMA 1X and EVDO 3G networks. It has a two-inch TFT display, Bluetooth, a 2 MP camera, FM radio, an 8 GB microSD card slot and broadband capability of up to 2.4 mbps. For the 29 pay TV channels offered, you

ALANKAR

have to include a small fee in your monthly mobile bill. At the moment, Samsung and Metro TV have tie-ups with Reliance Netconnect and Tata Indicom for the service.

Call Rates

30 paise/minute

After Tata's DOCOMO started the MTS India dropped rates to an incredibly low one paisa per two seconds. Since then, telecom providers have been bending backwards to woo customers with innovative tariff schemes. For instance, Reliance Communications has come up with the Talk All You Want CDMA plan for prepaid customers, under which all local calls are free, with up to 30 minutes a day for calls to other networks. Vodafone is tapping into users' habits with plans like Night Talk Bonus recharge voucher, which bills local calls between 10 p.m. and 8 a.m. at just 10 paise a minute.

Dual SIM

Below Rs 2,000

A clandestine affair, frequent travelling or the need to separate professional and personal lives — there could be many reasons for wanting a dual SIM phone. The good news is that you can own one for just Rs 1,749. The M 3636 from Spice Mobiles switches between two GSM SIMs at the click of a button. Throw in a one-touch music player, FM radio, mobile tracker and a 2 GB expandable memory, and you have a winner at this price. Also, keep an eye out for Nokia's C2, the market leader's entry in the dual SIM phone segment. Its exchangeable SIM slot allows you to insert the second SIM card when the phone is switched on, giving it an edge over competition.

3G Handset

Below Rs 5,000

Now that the government has raked in the moolah from 3G spectrum auctions, it's your turn to savour the benefits of higher speed and better voice quality. You won't have to scrimp to afford it as 3G-enabled handsets are available for less than Rs 5,000. Consider the Nokia 2730 Classic. Armed with Ovi Mail, Nokia browser, it has everything you need to optimise the 3G experience. The two-inch QVGA display is smaller than the high-end 3G phones, but it is a reasonable compromise at the given price. The features have been beefed up by a 2 MP camera, 4x digital video zoom and a 30 MB memory that can be expanded to 2 GB.

Social Networking

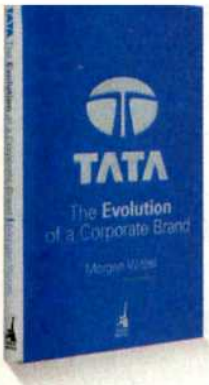
Below Rs 6,000

As tweeting for breakfast, buzzing at work and writing on Facebook walls after dinner become routine, mobile phones geared towards virtual connectivity are flooding the market. A great option is the recently launched Nokia C3 (about Rs 5,300). It boasts live Facebook and Twitter feeds on the home screen so that you can comment and update your status easily. You can use Google talk, Yahoo! Messenger, Windows Messenger and Ovi Chat for instant messaging. An internal memory of 55 MB upgradeable to 8 GB, a 2 MP camera and Nokia music player are a bonus for the networking buffs.

Broadband

4 mbps at Rs 899

On paper, a jump from 256 kbps to 4 mbps for download speeds seems huge, but, for the broadband service providers, it obviously isn't. They have even managed to lower the cost of higher speed. Airtel's latest scheme offers 4 mbps speed at just Rs 899 a month. The data transfer is limited to 6 GB, but for Rs 500 more, you can extend it to 25 GB at the same speed. If you belong to the rare breed that does not log on to the Net regularly, Aircel has an innovative plan advertised as the 'pocket Internet'. For just Rs 5, you can surf the Net for two days, access Hotmail for free and download pages of 20 GB capacity. Staying connected was never cheaper. ⊙



Tata: The Evolution of a Corporate Brand

AUTHOR: Morgen Witzel

PUBLISHER: Penguin Portfolio

PAGES: 222

PRICE: Rs 599

The Reclusive Brand

This book offers plenty of clues to the sort of person Ratan Tata would like as his successor, writes GITA PIRAMAL

Brands are created to shout, "Buy me! Buy me now!" In today's media-blasted world, brands are vigorous and aggressive, jostling to gain recognition among picky customers. The 140-year-old Tata brand seems out of sync with the times. With its simple 'T' and temperate blue colour, the brand is muted and gentlemanly, like its reclusive owners working out of a small brownstone building tucked away in a quiet bylane of Mumbai.

Not surprisingly, this book on the Tata brand is also quiet, muted, gentlemanly – and reclusive. There are no colour pictures of advertisements, just a few black & white photographs. There are no accounts of brand wars. Even the description of Ratan Tata's gritty effort to force group companies to accept the inoffensive blue 'T' as part of their logo, is mild. The 1990s were the heydays of powerful satraps who liked to refer themselves as heads of the Tata Commonwealth. Tata, as the newly-appointed head of the Tata Group, was equally determined to build a single group identity. He won.

Victors often get a book published, especially when they are about to step down. But, being confident and reticent by nature, Tata commissioned a history of the brand stretching from Jamsetji Tata to the birth of the Nano.

Witzel had unprecedented access to Tata managers, the companies and its archives. A trained and experienced business historian, Witzel also knows everything there is to know about management theory. [Full disclosure: I am one of his many co-authors in *The Biographical Dictionary of Management.*] Witzel's book is long on trivia and short on drama. But the importance of the trivia should not be downplayed. The Tata brand's global presence is one example. Tata is present in 80 countries and earns $70.8 billion or 65 per cent of its revenues outside India. Tetley Tea is one of the UK's most loved brands. The Jaguar acquisition was as much about the brand as buying technical expertise. The Brand Finance Global 500 March 2010 Report ranks the Tata brand as 65th, valued at $11.2 billion.

Not chicken feed. Yet Witzel tellingly devotes an entire chapter to the role philanthropy plays in building trust in the Tata brand, but allocates a mere five pages on how the world sees it.

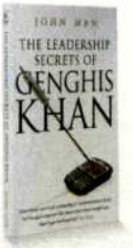
The smart way in which the group uses history to foster trust in the brand is another Witzel insight. "In terms of product and service quality, Tata does the expected ... But when buying Tata cars, or jewellery, or watches, or salt, or tea, or mobile phones, consumers are also doing something else: they are attaching themselves to the Tata myth, and making themselves part of the story," he writes. Myth is not a derogatory word; it is the holy grail of advertising gurus as it enables an emotional connect between a brand and its target segment.

Witzel explores the fascinating relationships between Tata leaders and the brand. G.D. Birla refused to put the Birla name on Birla-run companies (with a few exceptions). The Tatas did the opposite (with a few exceptions). I'm not sure I buy Witzel's premise (and by extension, the Tata official line) that a brand is shaped by the leader's character. I'm disappointed that the book does not analyze how individual Tata companies influence and are influenced by the corporate brand. On the other hand, if you are trying to decipher Tata's achievements and the characteristics he wants in his successor, look no further. This book is full of clues.⊙

Dr Gita Piramal is a business historian and best-selling author

Myth is... the holy grail of advertising gurus as it enables an emotional connect between a brand and its target segment

BOOKMARKS



The Leadership Secrets of Genghis Khan

By John Man

Bantam Books

Pages: 184

Price: Rs 399

A delightful blend of history and modern management, with the Mongol emperor's story serving as a backdrop for 21 business lessons. Business, politics, warfare et al.

Enough: True Measures of Money, Business and Life

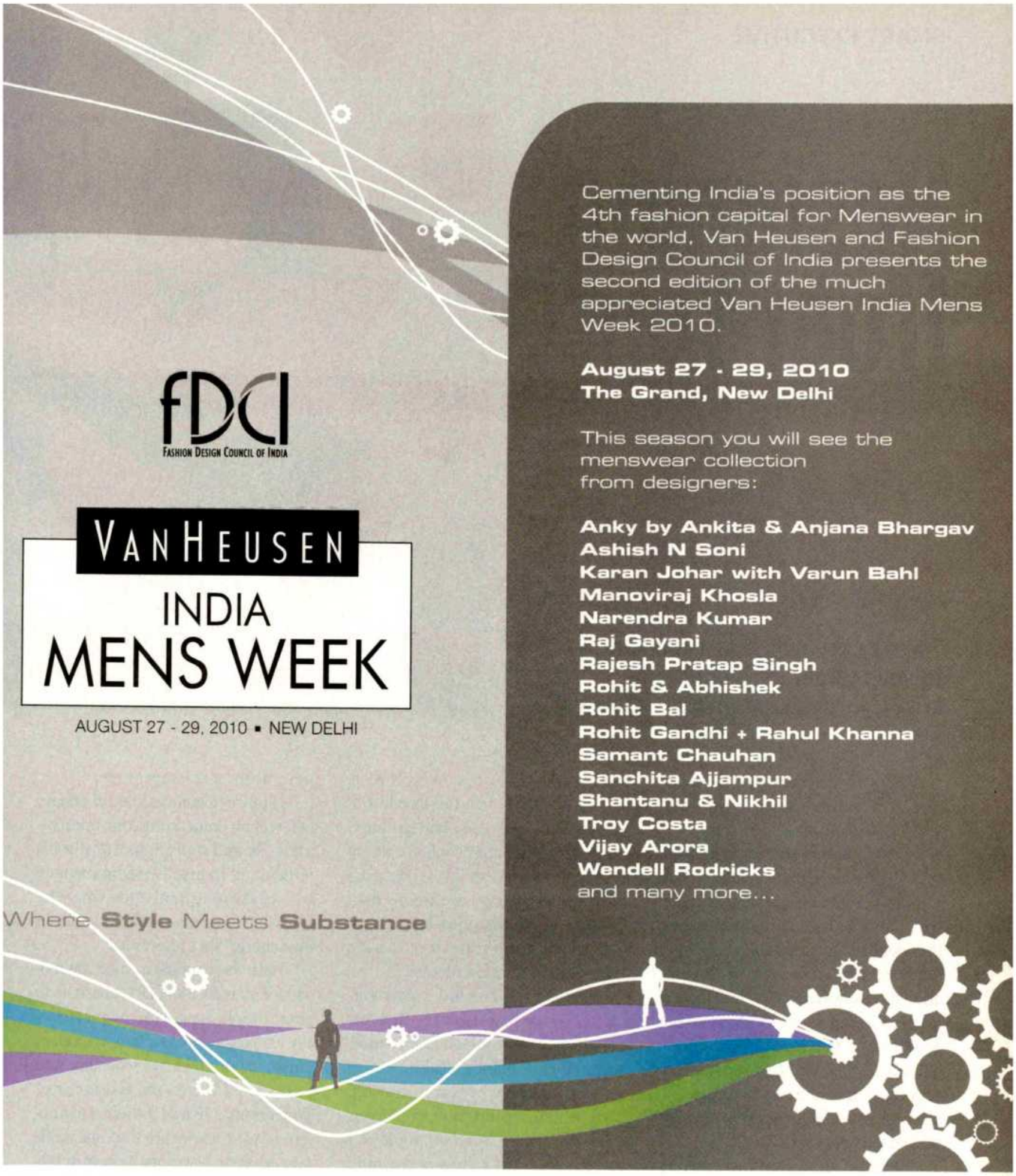
By John C. Bogle

John Wiley & Sons

Pages: 276

Price: Rs 700

Commerce should not be measured only in monetary terms. Too much speculation and not enough investment was to blame for the financial crisis.



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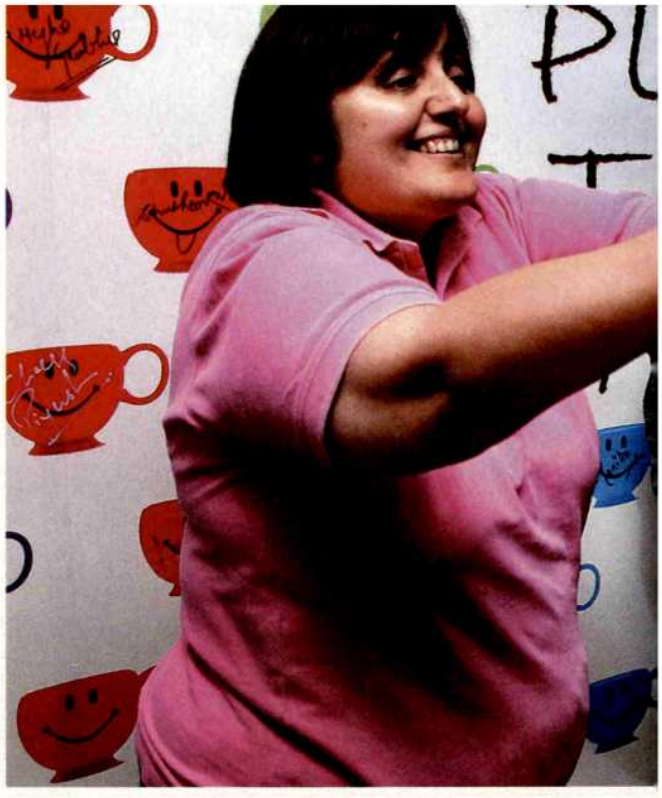
Resigning from Your Job?



The way you quit is as important to your career as your new job.

BY PUJA MEHRA and SAUMYA BHATTACHARYA

She has quit five jobs in 15 years. Meet Sangeeta Malhotra, 35, who has mastered the art of smooth transitions, something that most executives struggle with. Now in her sixth job, the Vice President for Operations at HR consultancy PeopleStrong says, "If there is one rule I have lived by, it is that there's no need to burn your bridges. Be on good terms with others." In fact, before quitting her last job, Malhotra told her supervisor that she was looking for a change even before she actually started looking.

"Relationships don't end when you move jobs," she says. Sure, Malhotra might be one of the fortunate managers who handle career moves with as much élan as assignments, but that feat is not too difficult if you get some ground rules right, say people managers.

Ground rule No. 1 is to have a word with your immediate supervisor as the first step, which also makes writing an effective letter easier. "I've seen this bad practice many times where people forget or omit the courtesy of talking in advance to their bosses before submitting their resignations," says Ganesh Shermon, head of KPMG's People and Change Practice.

So don't just forward your resignation on the BlackBerry — first discuss it with your superior. Shermon suggests a five-point checklist.

One, explain why you are leaving. Two, which organisation would you be joining. Three, by when would you like to leave. Four, how you would leave, and five, what conditions of your employment would you be able to meet before you leave.

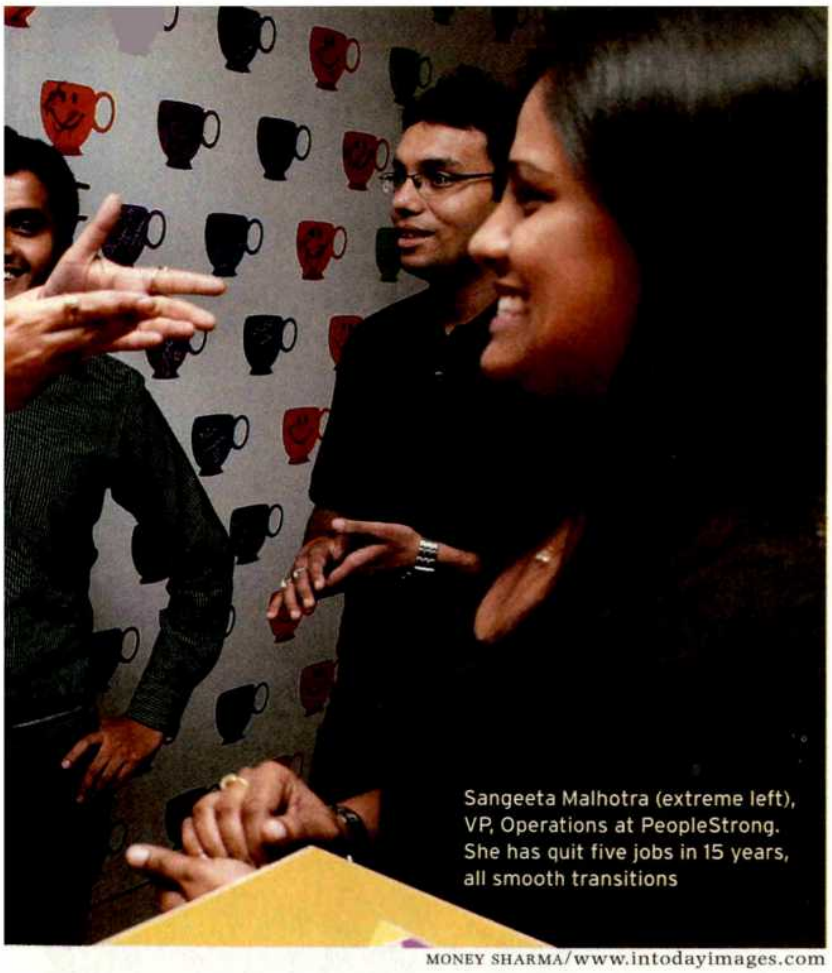
That brings us to the writing of the actual resignation letter. "Resigning is easy; writing a graceful letter is a challenge," says an executive.

Always address the resignation letter to your immediate superior, never to HR or the super boss.

"Future references, date of release etc. will all come from your immediate boss and more importantly it's critical not to insult your immediate boss by creating a situation where he finds out about your resignation from elsewhere," says Shermon.

Have the courage to state the reason for your decision. Don't hesitate to share the challenges you might be facing with respect to your family: spouse's employment, children's schooling, and so on. Or, if the reason is an offer of your dream job. And if there is a problem at your workplace that has made you decide to leave, put it down subtly and gracefully.

But do not mention interpersonal issues in your resignation letter — it is not your exit form. Next, state you are willing to meet the obligations of your terms and conditions of employment such as handing over charge to your successor. The idea is to be transparent in your



Sangeeta Malhotra (extreme left), VP, Operations at PeopleStrong. She has quit five jobs in 15 years, all smooth transitions

MONEY SHARMA/www.intodayimages.com

DOS AND DON'TS OF MOVING ON

- Don't discuss your intent to leave with other colleagues. Your boss must be the first one to know
- Seek time from your boss and have a conversation with him about your resignation
- Don't burn any bridges. Be on good terms with your current employer, if possible
- Write a concise resignation letter. Don't try to negotiate through the letter
- Give sufficient notice period to your current organisation
- Be professional enough to carry out your responsibilities till the end of your tenure

resignation letter and convey that you are an ethical person who fully understands responsibilities.

A resignation letter must convey that you are going for well-thought-out reasons and are not getting carried away by whimsy or a few bad experiences. "Don't leave as a disgruntled employee. You should not convey anything personal you might have against the company," says Pradeep Bahirwani, VP, Talent Acquisition at Wipro.

Last but not the least, state that you will take something from the organisation to your next workplace. This could be values, learnings or memories. "If your experience at the place hasn't been great, say I may have had challenges here but there still were good experiences pertaining to the people or whatever it is you liked and enjoyed," says Shermon.

At Wipro, Bahirwani hardly ever sees harsh resignations. "Most people it's time to get off, it's best to make it pleasant," he says. Those who are not able to do that are mostly not in sync with their capabilities, he adds.

Post-resignation, do not attempt to fix or hurt the company. Institutions are bigger than individuals. "My worst experiences have been where employees breached the confidentiality of KPMG's clients in their new jobs and carried intellectual property. That's not on, especially in very competitive industries such as financial services and consultancy," says Shermon.

Carefully disentangle yourself from commitments beforehand so that the transition is less abrupt. If there is, say, a national conference on 3rd of next month and you plan to resign on the 4th, make sure you do not attend the meeting, gracefully giving an appropriate excuse even if you are unable to disclose that you'll be putting in your papers.

While most of the above applies to senior to mid level management executives, for juniors, use of subtle humour is good in resignation letters. For instance, say Boss, my time's up.

Planning to resign and renegotiate does not seem to be a great idea, either. You will be seen as an opportunity-seeker. "While the organisation may not hold it against you and may willingly retain you, it tends to have a back-up for such a person."

"Have a word with your boss before submitting your resignation letter"

Ganesh Shermon, Head of People and Change Practice, KPMG

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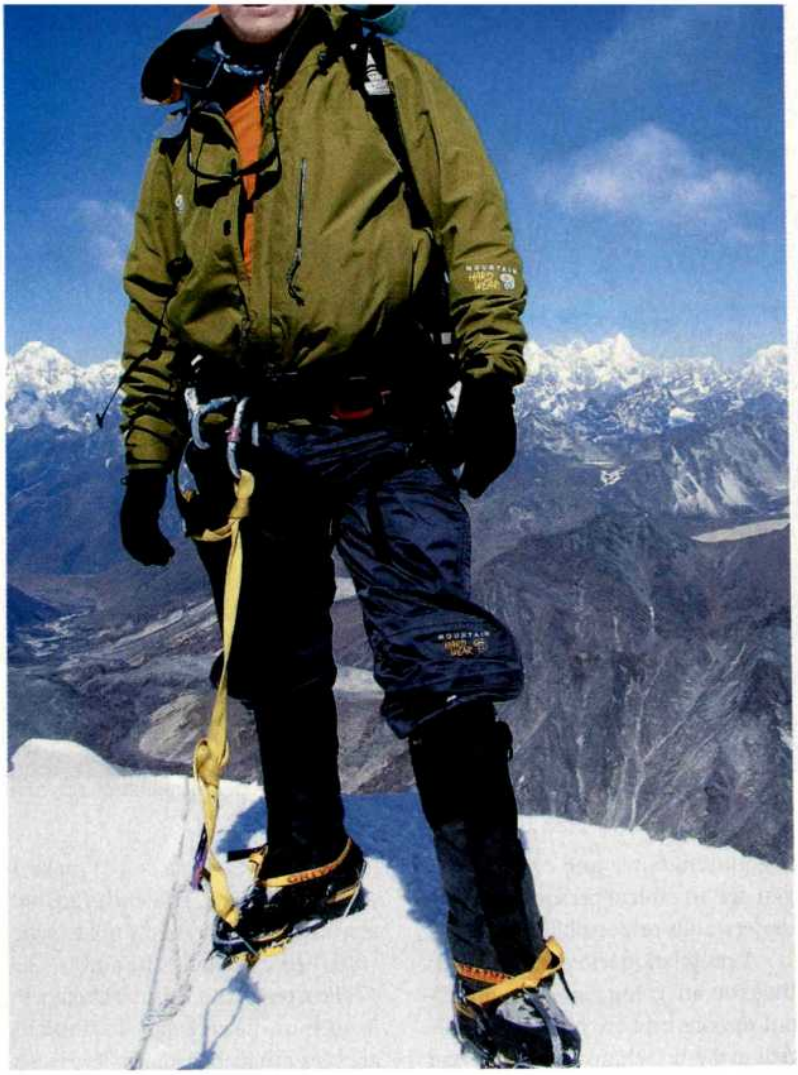
JAMLING TENZING NORGAY

The Summit Climber

At the recent NASSCOM HR Summit in Chennai, the speaker who walked away with the most applause was not a human resource honcho of India Inc., but mountain climber **JAMLING TENZING NORGAY**. Son of Tenzing Norgay, of Mt Everest fame, Norgay Junior, now 45, scaled Everest in 1996 with a team led by David Breashears, an experience documented in the 1998 IMAX film, *Everest*. The ace climber took the audience of 700 HR professionals on a visual journey of his climb. His advice: "Getting to the top is optional, but getting down is mandatory."

SAUMYA BHATTACHARYA



NISHIKANT GAMRE

V. VAIDYANATHAN

Future Play

V. VAIDYANATHAN loves to make unconventional moves. An alumnus of Harvard Business School, he chucked his job at Citibank after 10 years at the multinational bank to join ICICI Ltd, when CEO K.V. Kamath was strategising its big retail foray. The youngest executive director of ICICI then, Vaidyanathan was in the running to succeed Kamath in May 2009. The job went to Chanda Kochhar. He later turned around the bank's insurance subsidiary with its first ever profits in 2009-10. Vaidyanathan, 42, is starting out yet again from scratch as a co-promoter and professional in Kishore Biyani's fledgling financial services business. Many are calling his exit a succession issue in the bank, but Vaidyanathan dismisses it, saying it is the entrepreneurial challenge that excites him. "You rarely get such an opportunity," says a beaming Vaidyanathan. He is in new territory, but going by his record, he may well spring a surprise.

ANAND ADHIKARI

SANYO XACTI VPC CA102YL

Waterproof Camcorder

Some might argue that the video recording capabilities of regular still cameras will deal camcorders a death blow. But not this camcorder from Sanyo, which is waterproof up to 10 feet of water. It may not seem like much, but is usually more than enough to capture videos in swimming pools and when you go snorkelling on your holiday. The Xacti records in Full-HD and can also take pictures in 14-megapixel resolution with 5x optical zoom and 12x double-range zoom. The product is currently not on Indian shelves, but if you are the water-borne type, you should pick it up before your next exotic holiday on a coral reef beach.

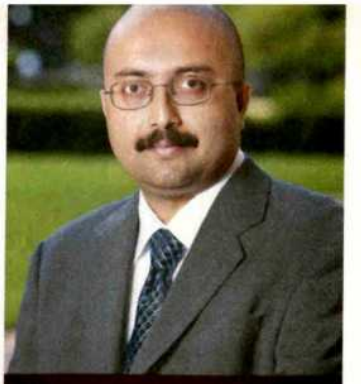
PRICE: $350

KUSHAN MITRA

ROME, ITALY

The Eternal City

Try Rome, the Eternal City. September and October are the best months to visit. City tours start from the Roma Termini station. Think Gladiator and take in the Coliseum, the largest-ever amphitheatre in the Roman Empire. Big by even today's standards (it could seat 50,000), the Coliseum was used for gladiator fights and public spectacles. Then you have the Sistine Chapel, which has Michelangelo's finest work, frescoed on the ceiling. He is said to have hated doing it. The chapel alone is worth the queue outside the Vatican City. When in Rome, don't forget to pick up some shoes and glares, or gorge on pastas and pizzas. ⊙



SUNIL KUMAR

At the Helm

One more Indian-American has joined the ranks of the heads of top graduate business schools in the United States. SUNIL KUMAR, 42, the Fred H. Merrill Professor of Operations, Information and Technology at the Stanford University Graduate School of Business and an expert in operations research, has been appointed the next Dean of the University of Chicago's Booth School of Business. His five-year term will begin on January 1, 2011. Kumar has a Master's degree in Computer Science and Automation from the Indian Institute of Science in Bangalore and an Engineering degree from Mangalore University in Surathkal. University President Robert Zimmer announced Kumar's anointment at the helm calling him "a right blend of vision, entrepreneurial energy and academic leadership". All Kumar has said so far has been through a statement: "I look forward to helping strengthen and enhance Booth's outstanding research environment and its rigorous, discipline-based approach to business education."

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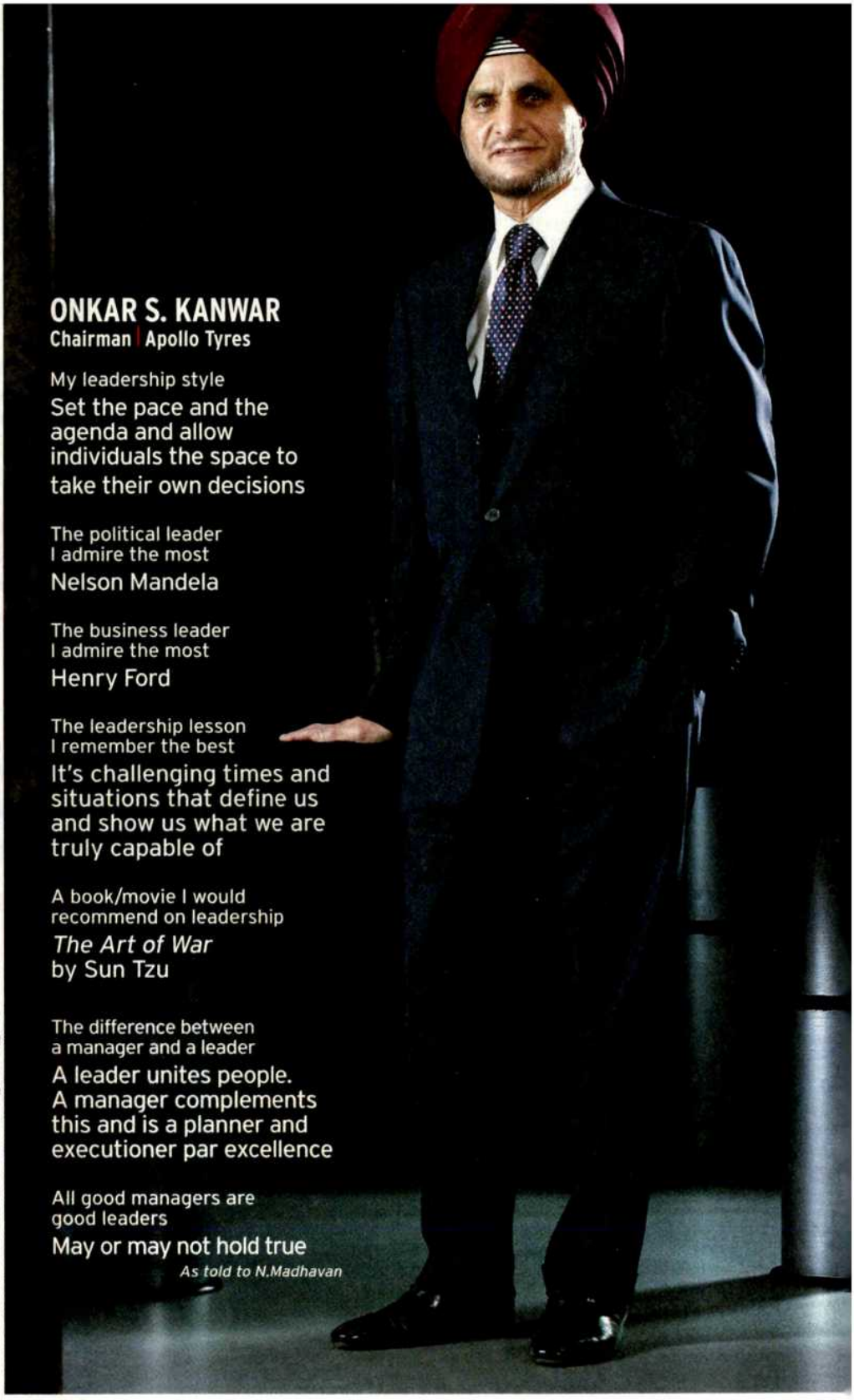

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ONKAR S. KANWAR

Chairman | Apollo Tyres

My leadership style
Set the pace and the agenda and allow individuals the space to take their own decisions

The political leader I admire the most
Nelson Mandela

The business leader I admire the most
Henry Ford

The leadership lesson I remember the best
It's challenging times and situations that define us and show us what we are truly capable of

A book/movie I would recommend on leadership
The Art of War by Sun Tzu

The difference between a manager and a leader
A leader unites people. A manager complements this and is a planner and executioner par excellence

All good managers are good leaders
May or may not hold true

As told to N.Madhavan

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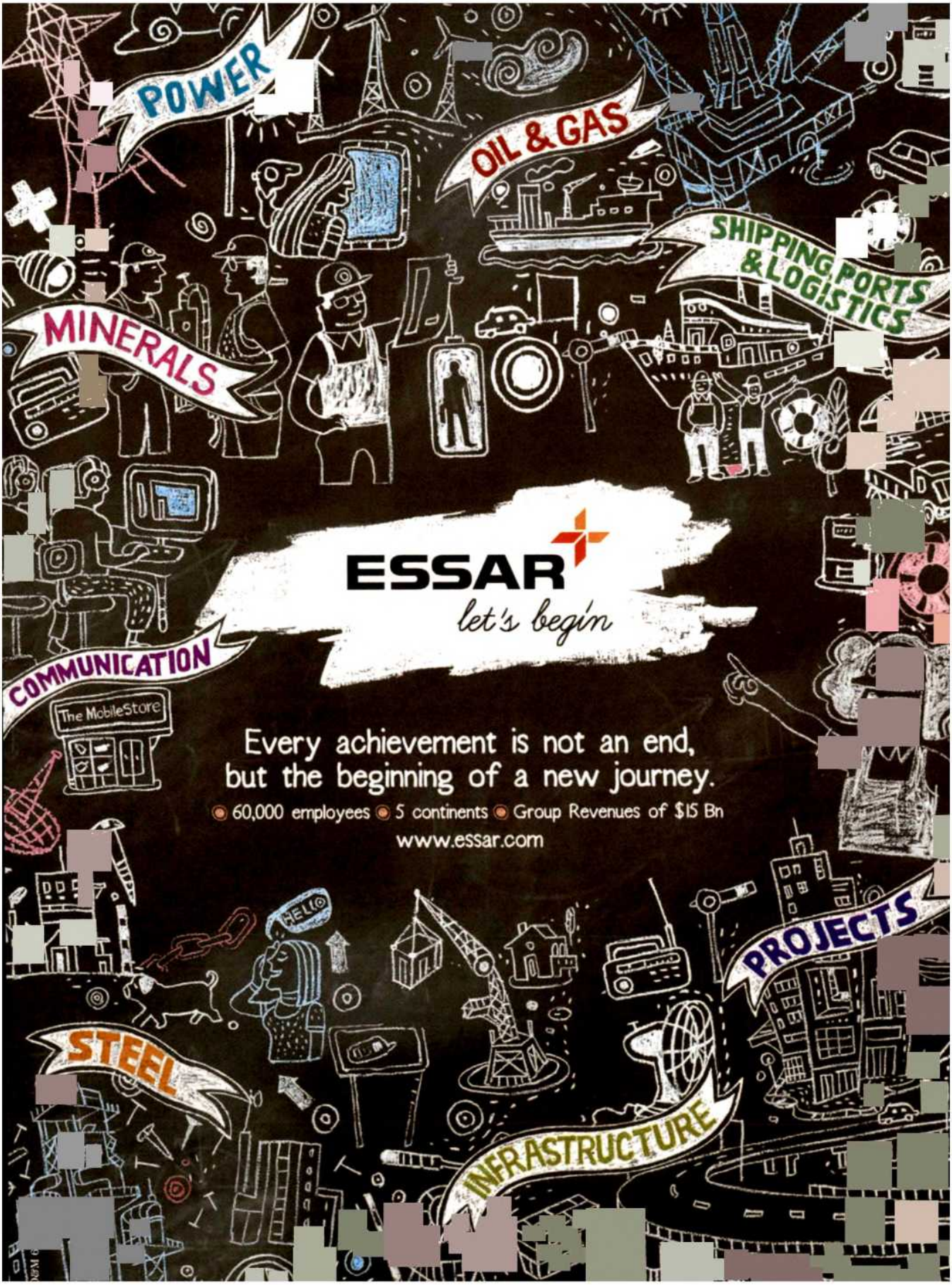
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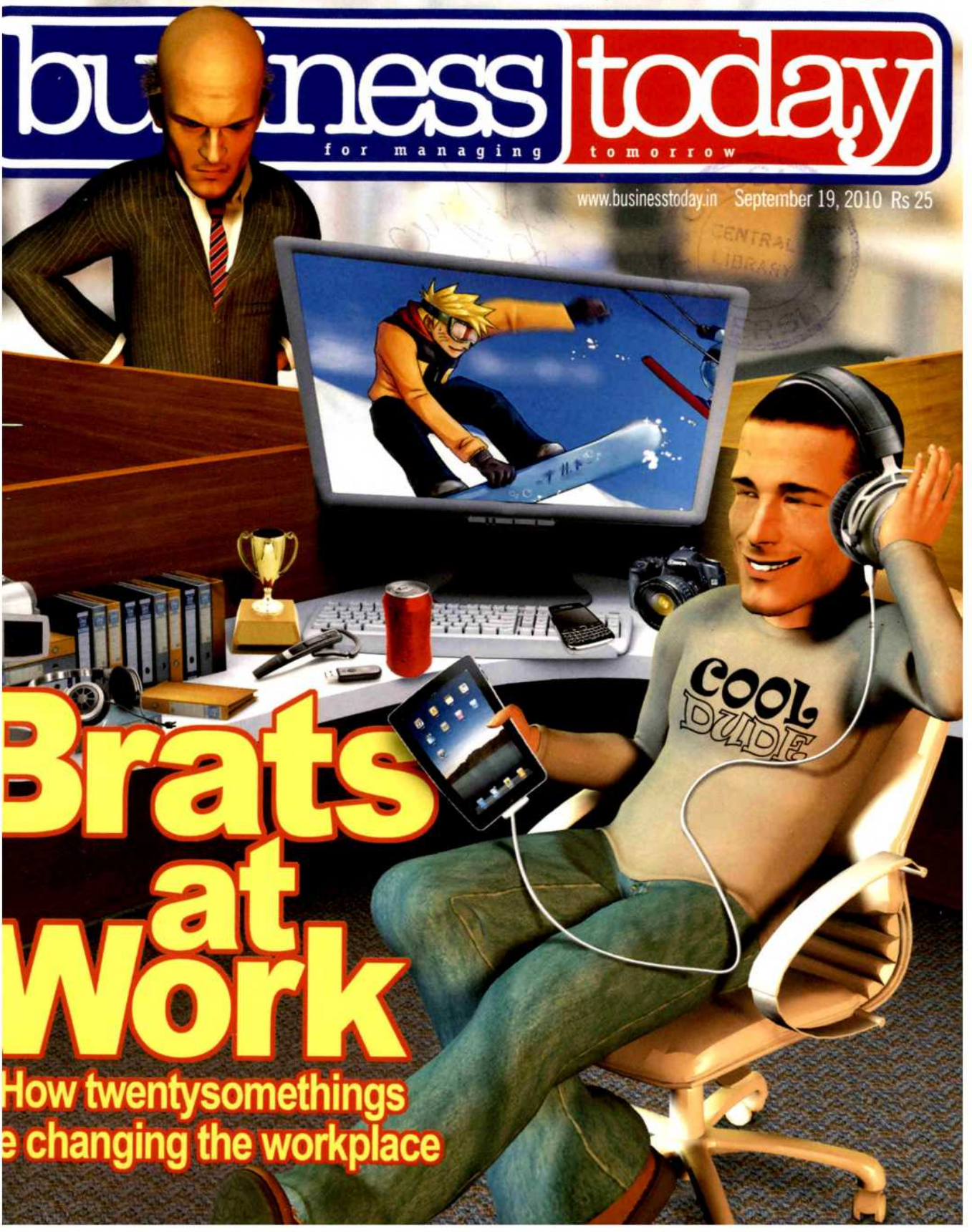

Brats at Work

How twentysomethings e changing the workplace

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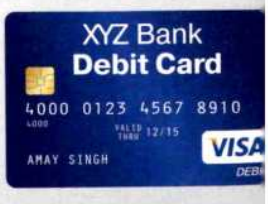

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From the Editor

H for Hitler, A for arrogant, R for rascal, I for idiot..." I'm sure many of us remember the "Hari Sadu" commercial about the cheeky young man getting back at his nasty boss because he's already heard from job site naukri.com. It was acid, funny, and emblematic of the "me do" generation that is trooping into India's workplaces. "Young people tend to 'snack' on jobs for a few years until they decide what they really want to do," says Sanjeev Bikhchandani, Founder and Vice Chairman of naukri.

India's demographic dividend is not just about the "age bulge" that is propelling us into No. 3 position in the global economy. It is about millions of young people who are very likely better educated than their parents, more aware of the world than their elders ever were, and clued in on the latest fashions, technology, trends and social mores. They are secure in their competence, and this confidence can come across as brashness. They are willing to walk away from a bad or boring job, take umbrage more easily, and require more handholding, coaching and mentoring than the serried ranks of their white-collared forefathers. They are also less obsessed about financial stability — being broke and owing money on the plastic in their wallets does not dismay them as it did an earlier generation. The young and the restless also blow into their offices on a current of enthusiasm and exhilaration. They give the word "career" its other dictionary meaning: "a swift or headlong course... to rush in an uncontrolled way".

The chief executive of one of India's largest software companies told me ruefully recently that his young colleagues were not very respectful of their seniors. "Every quarter when our results are published, I get dozens of e-mails from junior staff telling me how to run the company," he said.

Associate Editor Saumya Bhattacharya, who specialises in human resource reporting and analysis, wrote this fortnight's cover package. The 11 companies she profiles have each had to make their own choices in managing young employees. HR expert Sonal Agrawal casts GenY in an insightful light in her column on page 56, and first-person manifestos from two dudes — Prateek Bhargava, 23, and Amit Bikram Banerjee, 26 — tell us how priorities stack up for people who got their first paychecks in the Aughts.

This issue is also replete with a lot of other good reading. I don't want to spoil your surprise and delight but will only tell you about our other big takeout, on ICICI, where the revolving glass door on the executive floor has been much ballyhooed but not adequately contexted. Not very long ago, it appeared ICICI's aura had begun to look more like a miasma. Like all large and sensible organisations, though, the bank has sailed through the shoals into calmer waters. Reading about the long service put in by the animals on ICICI's "talent farm", it was clear banking, at least, is not ready for a twentysomething in the boardroom.

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3G Paradox

Hello, Tomorrow! (BT cover, September 5) showed how 3G and wireless broadband promise the download of a DVD movie in a minute and increased ARPUs for telcos. But given that spectrum is limited and a mobile subscriber in Delhi makes do with one-ninth the spectrum available to a London counterpart, there is a long way to go. **K. Gowariker**, *Mumbai*

Marginal Utility

No doubt 3G and wireless broadband could be a revolution in the making. I am, however, a little sceptical about the real change faster download speeds will augur — apart from the changes media companies will have to make to inhabit this new reality. But for me as a consumer, the marginal utility of free, fast-streaming media is fast diminishing. **Jai Hoon**, *Delhi*

Logical Lacunae

The study on *India's Best Fund Managers* (BT *Cover, August 22*) could have been more logical. Instead of picking out one or two schemes, should we not see how the fund manager is doing with a majority of the schemes he or she manages? I randomly picked one of the featured fund managers and found that most of the schemes he manages do not give great returns compared to the benchmarks. My point is, if at all a fund manager is credited as India's Best Fund Manager, then he or she should perform reasonably well in *most* of the schemes he or she manages.

Vikram Patel, *Bangalore*

Mumbai Deserves Better

We should feel guilty about leaving the pace of Mumbai's growth to its own steam but nationally reaping the benefits of the accommodated economic activities therein (*Living in a Pipe Dream*, BT Special, August 22). Mumbai needs special, if not unique, care from the Centre. Let us collectively dream up grand plans involving all the strata of governance and public participation for inclusive growth of the city. **B. Rajasekaran**, *Bangalore*

Empty Promises

High Food Prices? Give Them Fridges (BT August 22) highlights the pangs of the common man who is struggling to come to terms with the 'strangulating' inflationary trends witnessed in the past one year, especially on food grain and vegetables. Though the government has been reassuring the public, nothing much has happened on the ground. It should now realise that the time for empty words is over.

Ashok Jayaraman, *Bangalore*

A Correction

In the article *Spacation Anyone?* (BT, September 5), the revenues of Red Door Spa Holdings were erroneously stated as $500 million. The correct figure is $150 million. The error is regretted.

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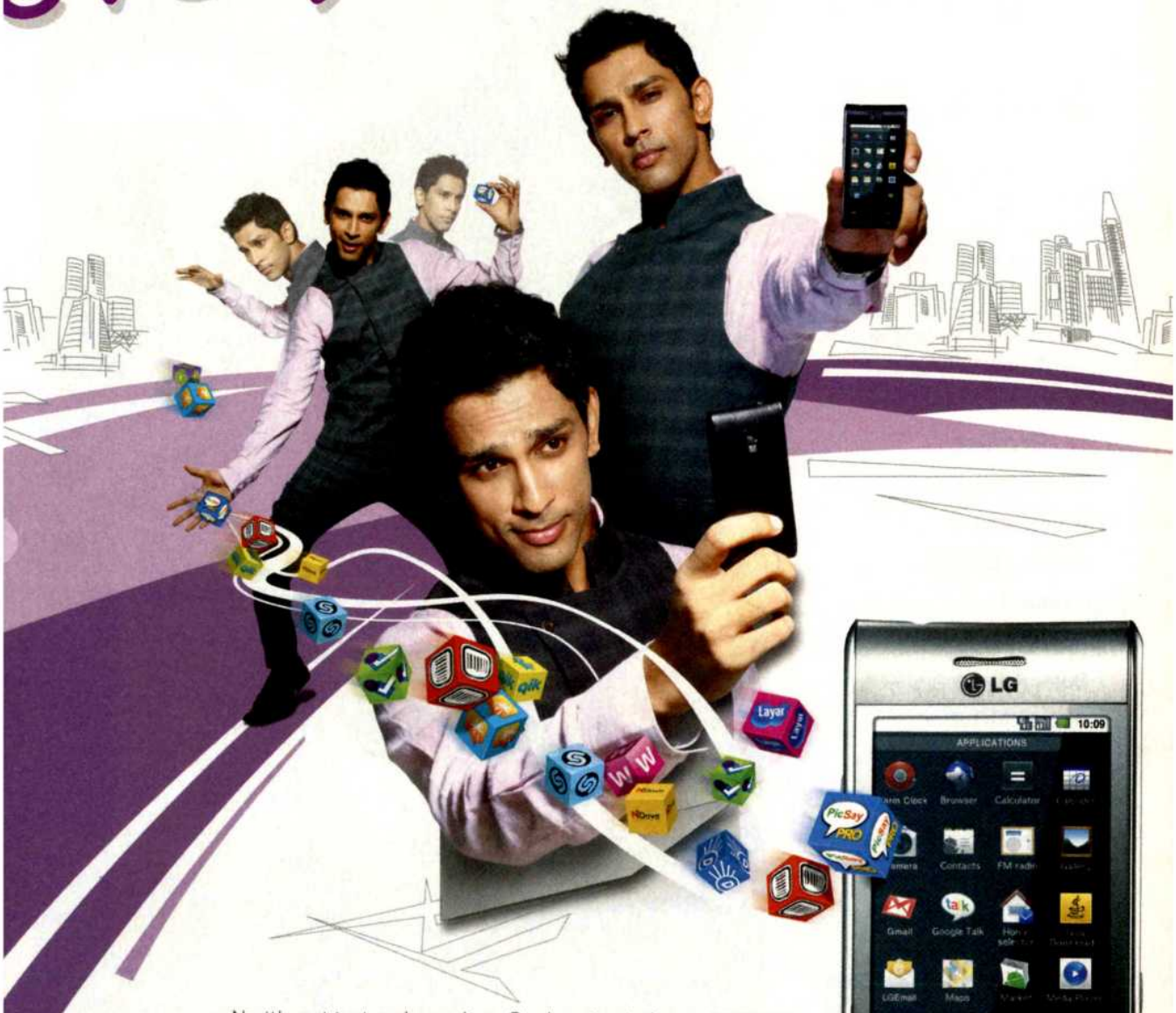

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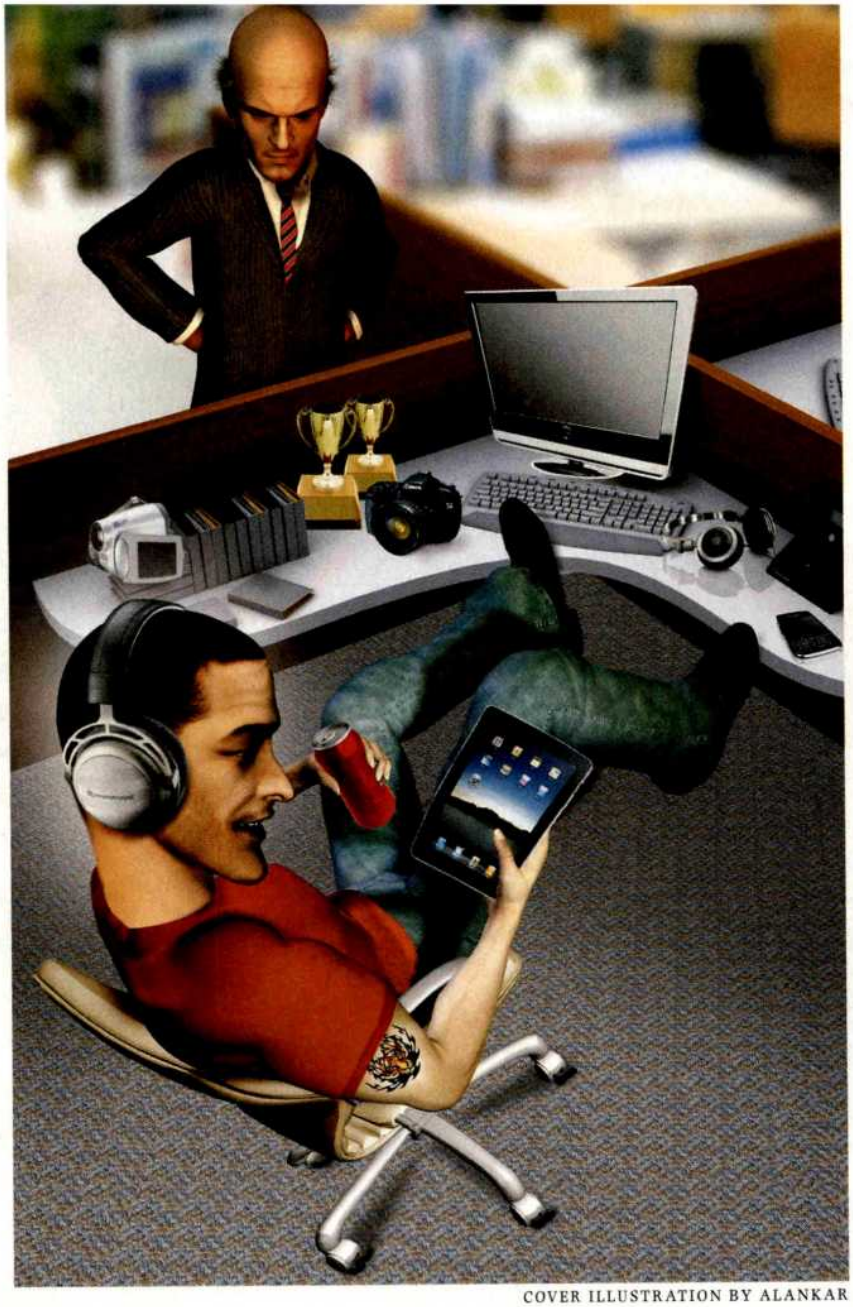

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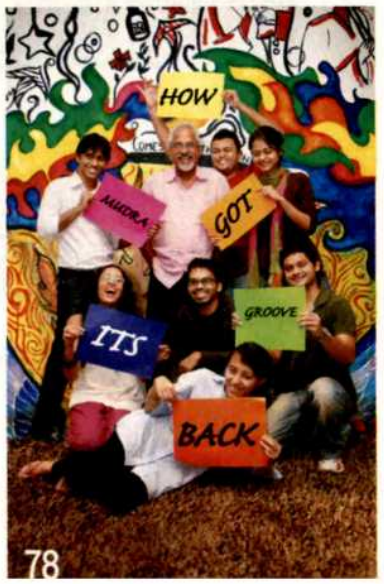

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Hello, Tomorrow!

Will 3G and broadband wireless access services change India like mobile phones did over the past decade? The answer, the telecom ecosystem tells us, is yes. So, be ready for the big change.

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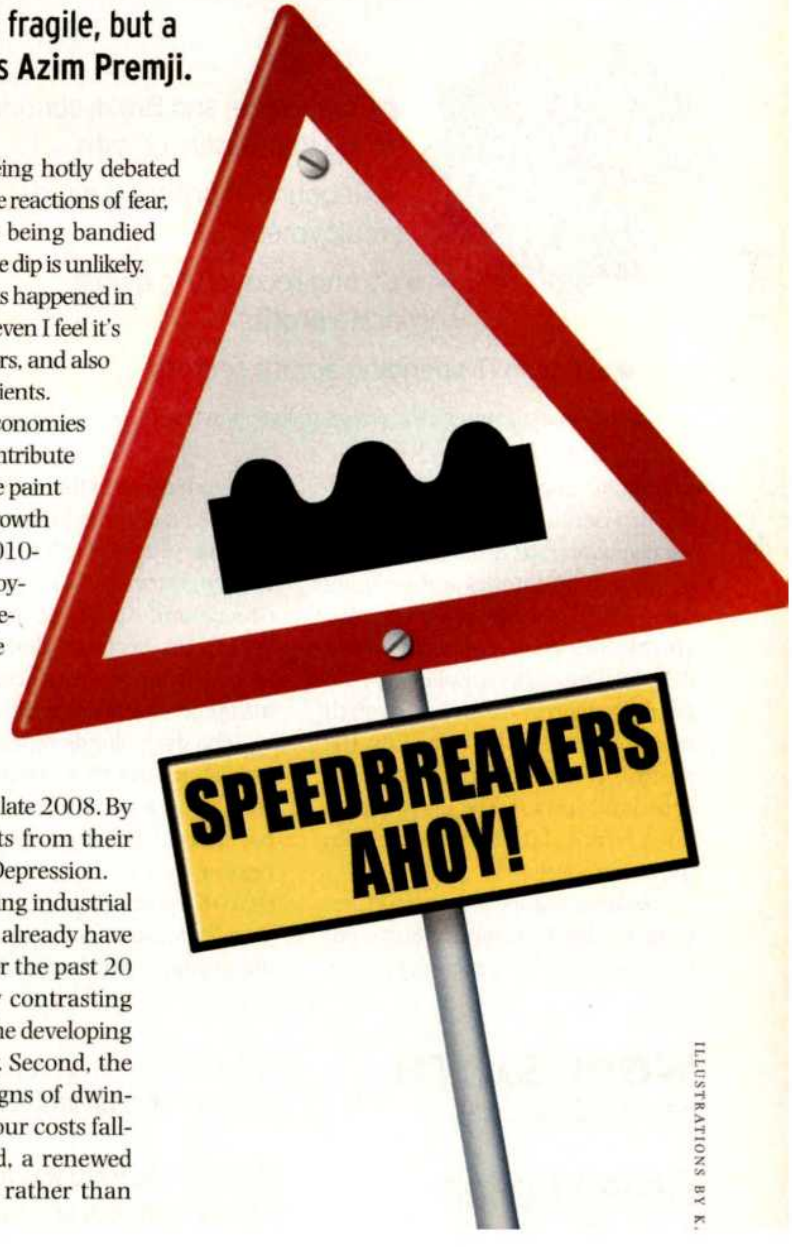
A Bumpy Ride Ahead

The global economic recovery remains fragile, but a double-dip recession is unlikely, argues Azim Premji.

The prospect of a double-dip recession is being hotly debated around the globe. It's already evoking extreme reactions of fear, caution and even paranoia. Statistics are being bandied around to support the argument that a double dip is unlikely. Historically, only one double-dip recession has happened in the last 80 years, point out the optimists. I must say even I feel it's unlikely after looking at the macroeconomic indicators, and also from the sense I get from my interactions with our clients.

From a macroeconomic viewpoint, the largest economies — the United States, Europe and Japan — today contribute over 60 per cent of global GDP. But the US and Europe paint different pictures. The US economy has seen positive growth and is expected to clock 3.3 per cent GDP growth in 2010-11. The challenge remains the steady high unemployment at 9.5 per cent. But this does not necessarily reflect a recessionary strain or the beginning of a double dip. After all, there is an increase in private payroll employment. The second bright spot is the strong quarterly results posted by major US corporations, which reveal that profits are back within a whisker of the all-time highs achieved before the downturn in late 2008. By some calculations, the rate of recovery of profits from their trough is the strongest since the end of the Great Depression.

Nor is this trend limited to America. Other leading industrial economies, including Japan, Britain and Germany, already have their ratios of profit to GDP above their average over the past 20 years. Factors being attributed to this seemingly contrasting statistic to unemployment are bigger profits from the developing economies, which are enjoying a strong recovery. Second, the relative abundance of labour, which shows no signs of dwindling and which has already led to the US unit labour costs falling at their fastest clip in the post-war era. Third, a renewed focus on managing existing capacity efficiently, rather than investing in revenue growth.



ILLUSTRATIONS BY K.

PREMJI'S PROGNOSIS

Global economy not out of the woods...

- Waning impact of the fiscal stimulus globally
- Soft demand for new and existing homes in US and Europe
- Deceleration in inventory rebuilding by corporates in parts of the globe
- High unemployment figures globally

... but a double-dip recession is unlikely

- China, India and Brazil continue to log impressive growth
- Rebound in private payroll employment
- Strong recovery in global corporate profits
- Surge in IT spending across sectors

the waning impact of the fiscal stimulus, deterioration in the labour force participation rate, deceleration in rebuilding of inventories and declining sales of both new and existing homes. Foreclosure crisis, tight credit and deleveraging of households will continue to depress economic growth which is counterbalanced by the positive contribution of exports to economic growth. The overall prognosis is muted, but a second blip in the US is unlikely.

As far as Europe is concerned, last month, the Economic Sentiment Indicator — which measures euro-zone confidence in the economic outlook — rose to the highest in more than two years. Growth is back but it's uneven. Germany is surging, but in Greece and Spain, output is flat, growth prospects are dim and their economies need more than budget cuts to improve overall competitiveness.

The dark clouds remain highly uncertain and to a certain extent stem from a volatile environment, continued unemployment and weakness in construction. But there are signs of a stabilising influence due to growth in manufacturing and a rising producer sentiment. All of this could lead to an economic growth of 1-2 per cent, but with a lesser likelihood of a double-dip recession.

The front runners in the "two speed" world are the emerging giants — China, India and Brazil — who continue to log in impressive growth. Their relatively closed and strong policy framework has helped in avoiding the dark recession while internal consumption and the increasing trend of home companies going global has spurred investments, driven consumption and promoted exports. These economies may not make up for the depressed growth of their larger counterparts, but are likely to continue to play the stabilising role in the global economy.

Now a microperspective. In my meetings with clients and organisations across the world and across sectors, I see a general positive sentiment. Investments are back and clients are moving from cost-cutting and cash-conserving measures to driving market share gains and innovation. This is reflected in a surge in IT spending across sectors. And IT spending historically has closely tracked GDP growth. This is also reflected in strong performance of IT companies across the world, including those from India. The situation is no different in other sectors, too.

In conclusion, the global outlook remains fragile. However, there are seeds of growth across the world which leads me to believe that the ride may be bumpy, but it will lead to recovery and a long-term sustainable growth.

The author is the Chairman of Wipro

WORDSMITH
(NEW WORDS IN BUSINESS)

Green Collar

Gr-ee-n Kawl-ler

What it means: A worker who is involved in environmental protection.

Origin: The word was first used by academic Patrick Heffernan in a study, *Jobs for the Environment: The Coming Green Collar*

Monitoring BlackBerry

The government crackdown on BlackBerry services might not go down well with its over one million users in India and may adversely impact its sales.

The background: In July, the Indian government decided to ban Research In Motion's (RIM) BlackBerry corporate e-mail and messenger services on the grounds of a threat to national security. Agencies have asked for access to BlackBerry services to ensure that subversive elements can take advantage of the government's inability to detect the heavily encrypted data sent on RIM devices.

RIM's standpoint: Currently, all BlackBerry e-mail, web and messenger encrypted traffic is routed through its proprietary servers. RIM has already offered a way out to security agencies for monitoring its messenger service. RIM is ready to offer information on a deferred basis initially. From November, the information will be available on a real-time basis.

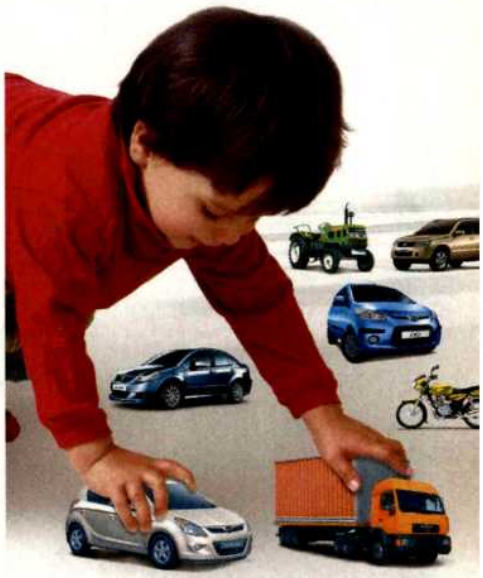
Government's demand: The Indian authorities want RIM to locate a server in the country — many of its servers are in Canada — and provide easy access to e-mails and data sent via BlackBerry devices. RIM is trying to resolve the issue quickly and the company executives are meeting the Intelligence Bureau and National Technical Research Organisation officials to work out the modus operandi.

Implications: BlackBerry users in India include CEOs, entrepreneurs and top bureaucrats. Any ban on the services will inconvenience them among over one million users. Recently, the sales of the BlackBerry devices have also been hit.

MANU KAUSHIK

***Revolution*, that he presented at a Congressional hearing in 1976, but has gained widespread usage in general parlance only recently.**

Current usage: Green collar jobs are no longer just about picketing offices of oil companies for peanuts. You can make



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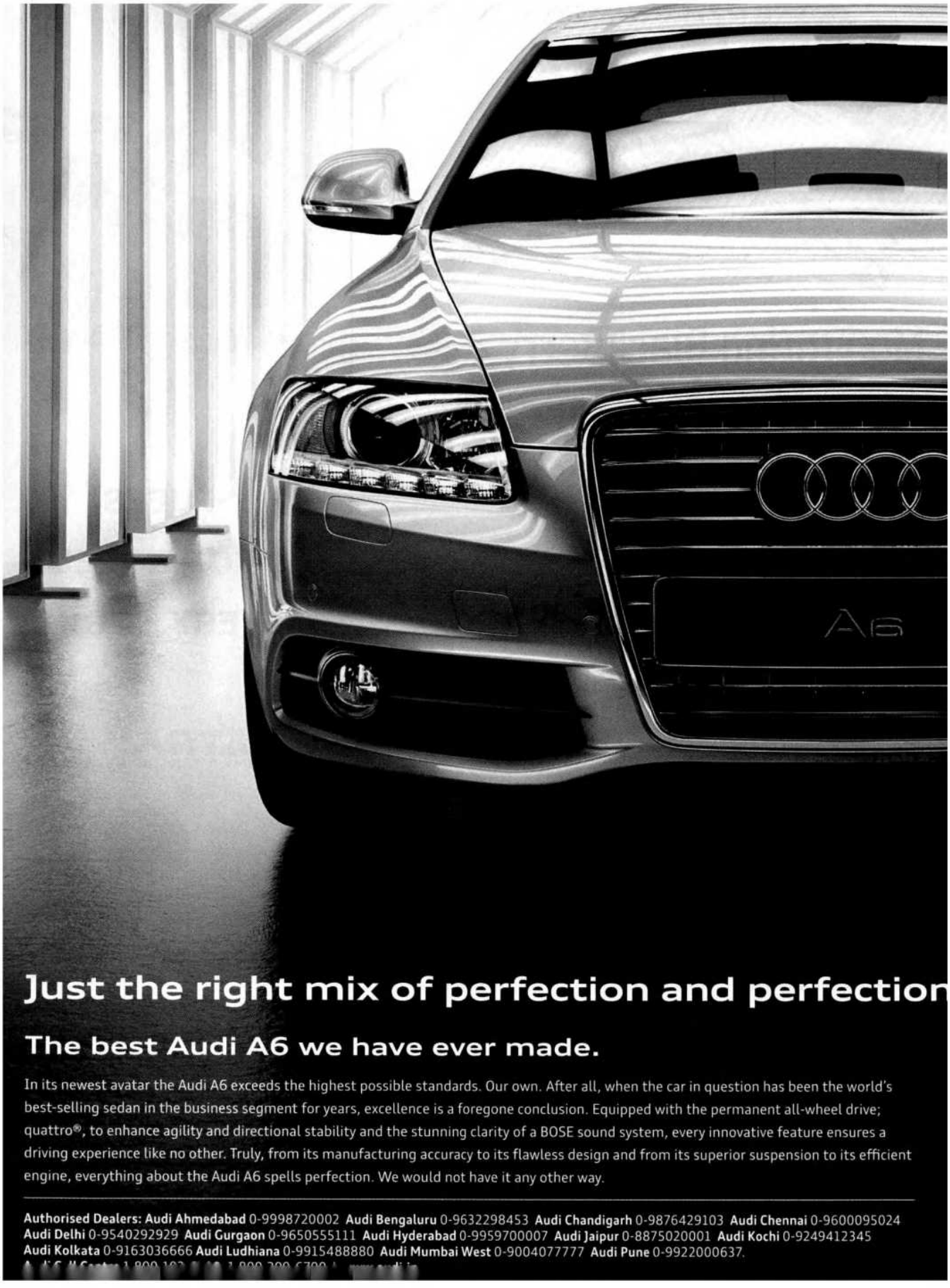

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Take Stock of Risks

We all pay margin money to stock exchanges when buying stocks but do we all really know how it is calculated and the rationale for it? Here's a primer. BY SAMEER BHARDWAJ

Stock trading is open to several types of risks and calculating these is an integral part of market analysis. While most crucial risks are related to the market, macroeconomic factors and corporate performance, there exists another type called the counterparty risk. It stems from the possibility of a participant not honouring a commitment. However, it is not considered in market risk analysis because stock exchanges cover it adequately by imposing margins.

A margin is a fixed percentage of the value of transaction to be paid at the time of placing the buy order. Indian equity markets use the 'T+2 day' settlement system under which trades initiated on day T are settled on day T+2, with margins payable on day T. Consider Mr A, who agrees to purchase 100 shares of XYZ at Rs 350 apiece on June 3. The stock attracts a 10 per cent margin. Mr A is required to pay 10 per cent, or Rs 3,500, on June 3 even though the transaction concludes on June 5.

There are three types of margins applicable in equity markets: the value at risk (VaR) margin, the extreme loss margin and the mark to market (MTM) margin. The margin payable upfront is the sum of VaR and extreme loss margins. Let us consider these in detail:

VaR Margin: It gives an estimate of the maximum loss that can occur in a day. For example, if a stock has a VaR of 7 per cent, then under normal trading conditions, it will not lose more than 7 per cent of its price till the next day. VaR has two main determinants: volatility and liquidity. While volatility is measured using standard deviation, liquidity is gauged via impact cost. VaR margin tends to be high for stocks that are volatile and have low liquidity.

Extreme Loss Margin: It covers losses that are beyond the scope of VaR margin. It provides an additional layer of security and the exchanges calculate it at the beginning of each month. This margin is determined by volatility and value of the transaction.

Margin rates are available on the BSE and NSE websites. The sum of VaR and extreme loss margins gives an idea of the stock's variability. The higher the stock's unpredictability, the higher the margin.

MTM Margin: It is calculated at the end of the day, considering the difference between the market price and transaction price of the stock. It is collected before the start of trading on day T+1. MTM covers the risk of default due to change in stock prices. ⊙

Courtesy: *Money Today*

KULDEEP

Web Site

Google's visual search app for Android devices is fun, but is still not nifty.

Google Goggles

The latest update for Google Goggles allows users to take a picture of foreign language text, which the application analyses and translates. Say you want to see the menu at a Parisian café beside the Musée d'Orsay and wonder what Escargot means. Click a picture and voila! And if you are really confused about that pointy steel tower a few kilometres beyond the café, click a picture and Goggles will get you the answer. The irritating thing about Goggles is that it is not really fast. It also might not work for languages that do not use the Roman script. One reason for the success of Google's search engine was not just the superiority of its results, but the speed with which it delivered those results. Goggles is a fascinating glimpse into the future, but it has to get faster. Until then, you are probably better off asking a Frenchman what things mean and are.

We try out the latest entrant in the small car segment and Samsung's new superphone

Middle-of-the-Road

Nissan Micra

It looks very 1960s, a throwback to the old Austin Mini, with the bug-eyed headlamps and rectangular tail lights. Its performance is positively middle-of-the-road. In fact, when driving through the city, you do sometimes feel that you are changing gears a bit too frequently, and while the car can be zesty, you really need to mash the gear lever to extract performance. One of the reasons for the rather uninspiring gearing seems to be the intent to make the car very economical. Test-driving through the Delhi traffic, occasionally in blinding rain, the Micra returned 14 kilometres to a litre of petrol, with the air conditioner on and the music blaring. We drove the top-end XV model, which comes with a push-button start and automatic climate control, but it does cost a bit. The entry-level is aggressively priced, and though the Micra does stand out from the middling crowd, we did miss the fun factor. -KUSHAN MITRA

- Retro looks stand out; excellent fuel economy
- Top-end models pricey; quite average in terms of driving pleasure

Price: Starts at Rs 398,000 (ex-showroom, New Delhi); Micra XV Rs 528,800 (ex-showroom, New Delhi)

Cut Above the Rest

Samsung Galaxy S

What strikes you about the Galaxy S when you start it is the sheer brightness of the AMOLED screen that Samsung uses. This is definitely the brightest phone in the market and works brilliantly no matter what the lighting conditions are. You get so obsessed with the screen that you almost forget to notice how amazingly light the device is. Also, this Android device lets you install a lot of interesting applications and run them simultaneously. The Galaxy S's battery life is not bad *per se*, but when you load the phone up with applications and have some running simultaneously, it drains surprisingly fast. So, having a car charger for it is not a bad idea. That said, the device keeps running despite several applications and its memory management is superior to most other Android devices. -KM

- Brilliant and large screen; very light; fast processor
- Battery life could be better; dictionary extremely irritating; camera could be better

KAPIL

ANIL AGARWAL

In the Firing Line

The fortnight clearly belonged to Vedanta Chairman Anil Agarwal. A global leader in metals and mining, he surprised everyone with his proposed takeover of Cairn Energy's India business recently. The acquisition would have made him the richest Indian, zipping past Mukesh Ambani. But Agarwal's joy was short-lived as his group ran into rough weather in India.

First, the government indicated that its go-ahead would be mandatory for the buyout. Worse, Vedanta Resources' India plans were jolted when the environment ministry turned down its bauxite mining project on tribal lands in Orissa and also issued a showcause notice to the related Lanjigarh refinery project.

Agarwal has had a rough ride in India in the past as well. Exasperated with the bureaucratic sloth in India, he had relocated to London in 2003, where his group is now headquartered. His latest troubles will give him a lot to mull about.

Well Said

Sometimes rules are really made to be broken. The company rule-book should not become an excuse for poor customer service.

Richard Branson,
Chairman, Virgin Group, in Mint

Policymakers did not get enough breathing space and the abruptness of change has been the main policy challenge. We moved from managing growth and recovery to managing inflation almost overnight.

Subir Gokarn, *RBI Deputy Governor, to wire agencies*

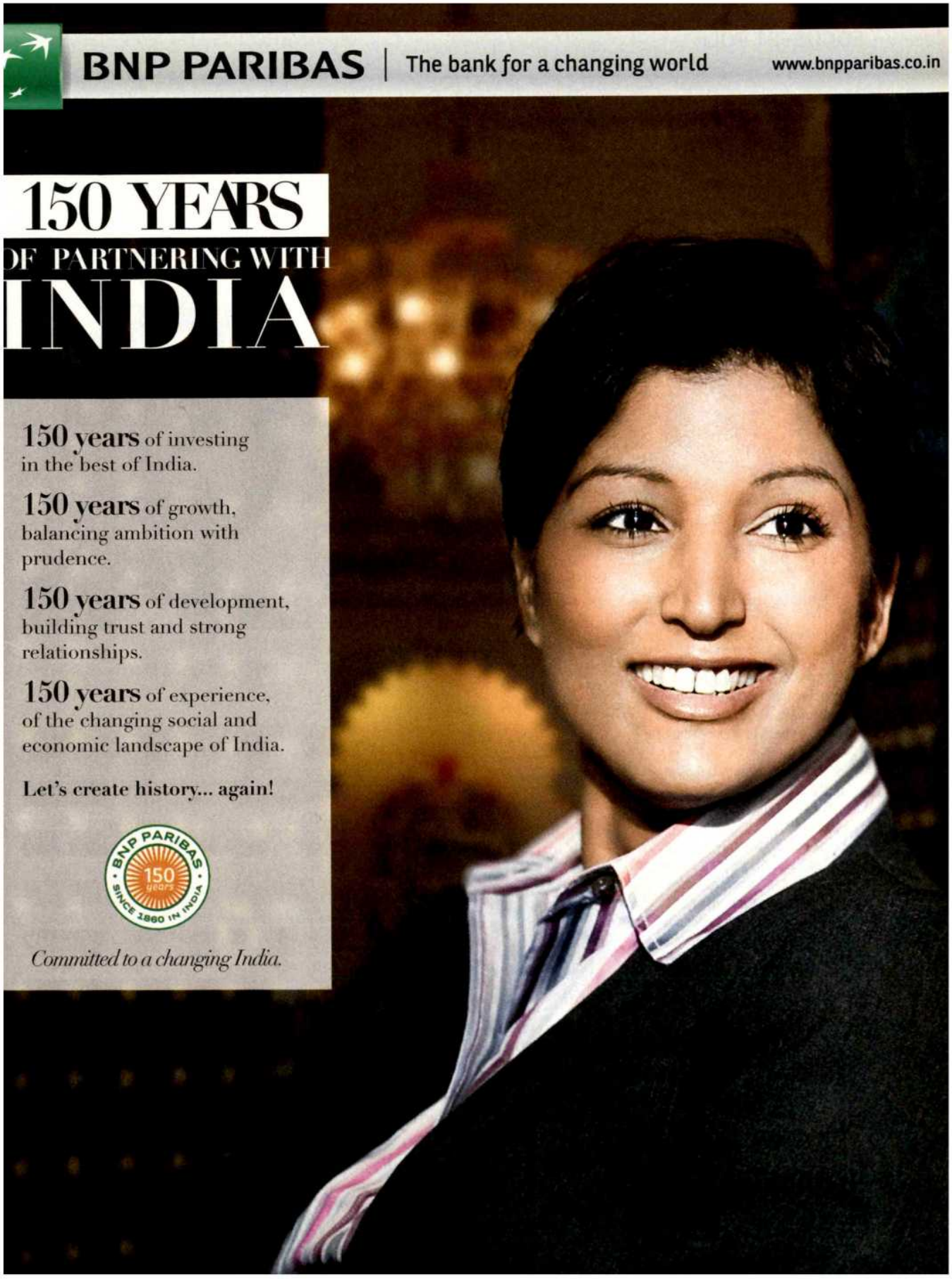
Women have a more inclusive work style and bring people together in problem-solving and can also take calculated risks when the need arises.

T.V. Mohandas Pai, *Director-HR, Infosys Technologies, on why there are more women at the top in India Inc., in* The Economic Times

CLASSIC BUSINESS QUOTE

The optimist sees opportunity in every danger; the pessimist sees danger in every opportunity.

Winston Churchill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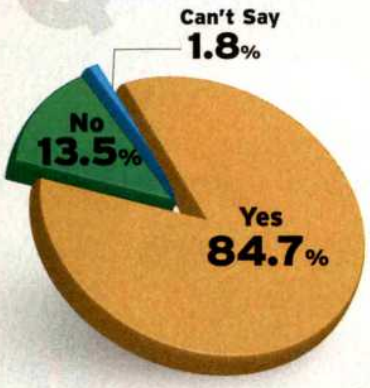

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Results of BT Online poll;
No. of respondents: 211

Not surprisingly, the majority in our poll concurs that the Games is a white elephant. At the last count, it would set us back by a whopping Rs 40,000 crore.

With more skeletons tumbling out of the closet of Games Organising Committee Chairman Suresh Kalmadi and his team, concerns abound whether the taxpayers' money is being put to optimum use. That a concerned Prime Minister himself is supervising the Games preparations is a testimony to the extent of mismanagement and bungling by the organisers.

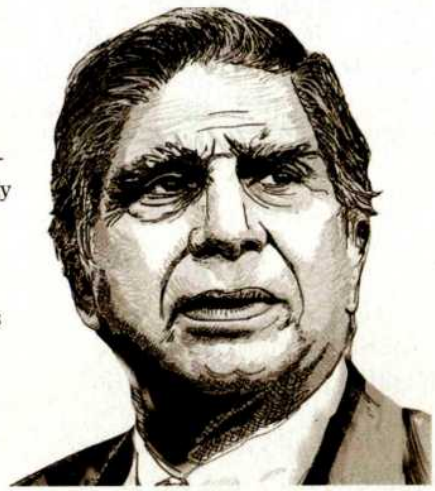
Now contrast this with the clinical efficiency and precision with which the Chinese went about organising the 2008 Olympic Games. It shows the distance India still has to travel before it can claim to have arrived on the global stage.

Next poll question:

Is the H-1B visa fee hike a discriminatory and protectionist move by the United States?

www.businesstoday.in to cast your vote

Ratan Tata



Ratan Tata stays at the top of the charts in August. The succession planning at the $70-billion conglomerate hogged the headlines with the pink papers debating the likely candidates who could take over from Tata and the challenges before the new Tata group helmsman.

Infosys CEO S. Gopalakrishnan, too, was in the news — again due to the imminent change of guard at Infosys in 2012 when Gopalakrishnan will make way for, as speculated, Co-founder S.D. Shibulal. The current CEO is at number four on our list.

TOP 10 INDIAN CEOs

Mukesh Ambani

Chanda Kochhar

Rank	CEO/Company	No. of Stories	
1	Ratan Tata | TATA	64	▲
2	Mukesh Ambani | RIL	23	
3	Chanda Kochhar | ICICI Bank	16	▲
4	S. Gopalakrishnan | Infosys	14	
5	O.P. Bhatt | SBI	14	▲
6	Anil Ambani | ADAG	13	NEW
7	M.V. Nair | Union Bank of India	12	NEW
8	Shikha Sharma | Axis Bank	9	NEW
9	Azim Premji | Wipro	7	NEW
10	Adi Godrej | Godrej	7	

TOP 10 GLOBAL CEOs

Tony Hayward

Steve Jobs

Rank	CEO/Company	No. of Stories	
1	Tony Hayward | BP	144	—
2	Steve Jobs | Apple Inc.	77	NEW
3	Warren Buffett | Berkshire Hathaway	69	▲
4	Mark Hurd | HP	54	
5	Rupert Murdoch | News Corp.	52	—
6	Robert Benmosche | AIG	35	NEW
7	Lloyd Blankfein | Goldman Sachs	30	NEW
8	Jamie Dimon | JPMorgan	25	
9	Jeff Immelt | GE	22	▼
10	Eric Schmidt | Google	21	

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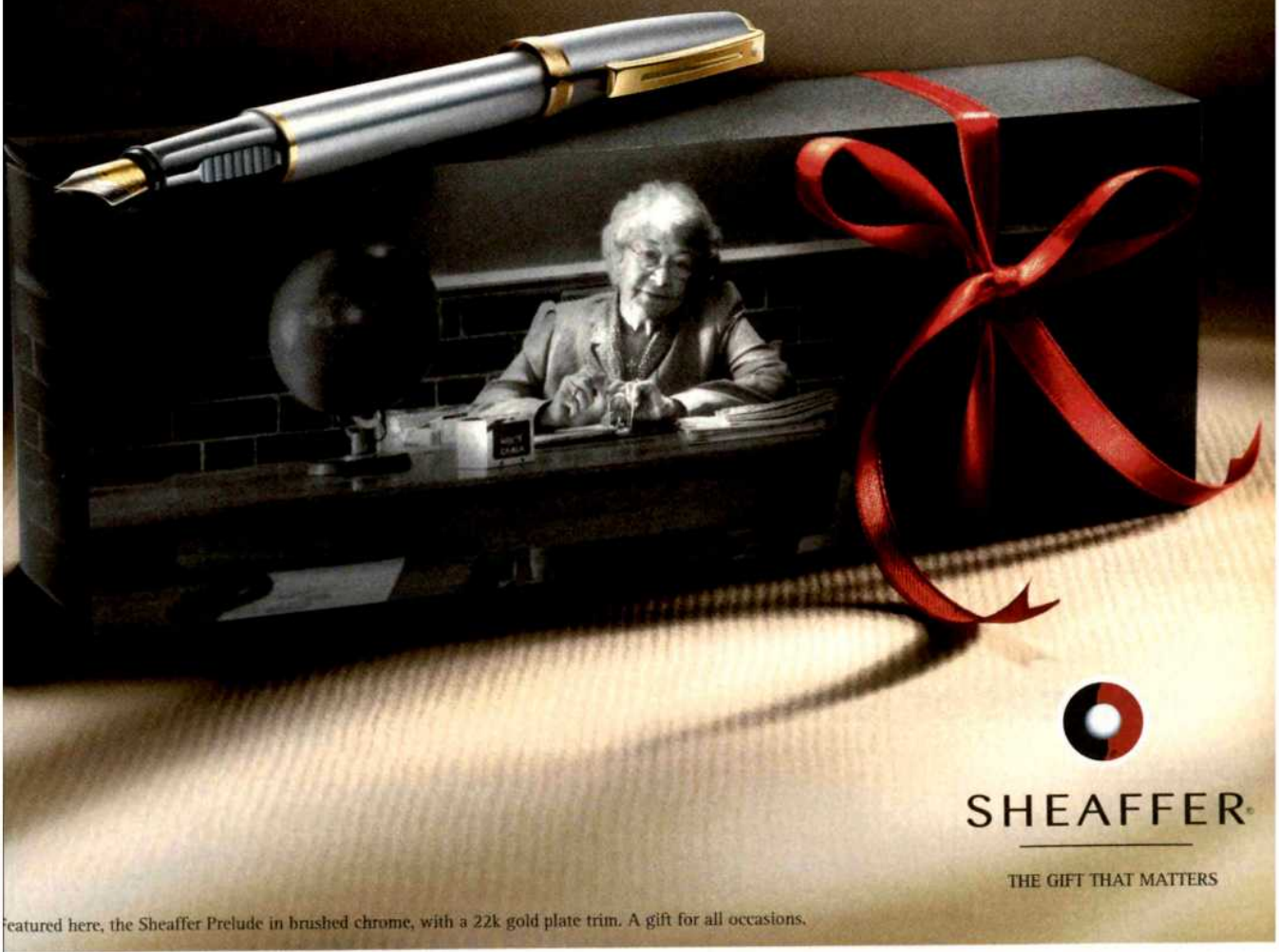
Upbringing deserves a return gift. Make it a Sheaffer.



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India Inc.'s Tryst with Social Media

Companies are promoting brands through social networks but it's early days yet.

They have been on Facebook for over a year now and already have 7.4 lakh fans. Their fan base is actually bigger than the biggest Bollywood stars. The Zoozoo YouTube channel boasts more than 70 lakh video views.

Think the world needs more humour? Then you may like Active. The funny and adorable puppet (brand mascot) of Tata Sky's interactive services says he's "on a mission to restore humour in this world" on his Facebook fan page. He has 20,000 fans and gets over 75 entries per post.

These are just a few interesting examples of how a few Indian brands and services are now using social media — social networking sites, blogs, forums, microblogging, video/photo networks — more efficiently. But by and large, India Inc., it seems, still gives social media a miss. According to digital advertising agency Media2Win's tracking tool for social media, there are over 200 Indian brands on Facebook across 20 categories. It shows that Zoozoo by Vodafone is the No. 1 fan page in India, followed by MTV India and FasTrack (Titan). These are the only pages with a three lakh-plus fan base. Almost 65 per cent of the pages have under 10,000 fans, showing that this is a nascent channel that brands have yet to fully master.

So, what's holding Indian brands back? Clearly, the concept of listening and being in conversation with the consumer is unfamiliar terrain for brand marketers. Says Kunal Jeswani, Country Head (India), OgilvyOne Worldwide: "The key impediment for clients is moving from the mindset of focusing on brand campaigns to a mindset of focusing on daily conversations on areas of consumer interest." No wonder then that most marketers still prefer the traditional marketing conduits. Also social networks like Facebook and Twitter are constantly evolving, making it tougher for marketers to keep pace.

But most companies and experts concur that in today's agile marketing environment, as marketers look for interesting ways to get consumer attention, online advertising is bound to grow. "In this medium, a marketer's cost can reduce if he engages the consumer well and makes the consumer his advocate. The consumer will then spend his time and energy, not the marketer's money, to reach out to the masses," says Krishna Kumar, CEO, Media2Win. Adds Anuradha Aggarwal, Vice President, Brand and Consumer Insights, Vodafone: "We need to go where they (consumers) are on the web and that is social media." Only it appears that it will be a gradual process over the next decade. ⊙

ANUSHA SUBRAMANIAN

TOP INTERNATIONAL BRANDS ON FACEBOOK

- Starbucks Coffee
- YouTube
- Coca-Cola
- Oreo
- Skittles

NUMBERS OF NOTE

VEDANTA

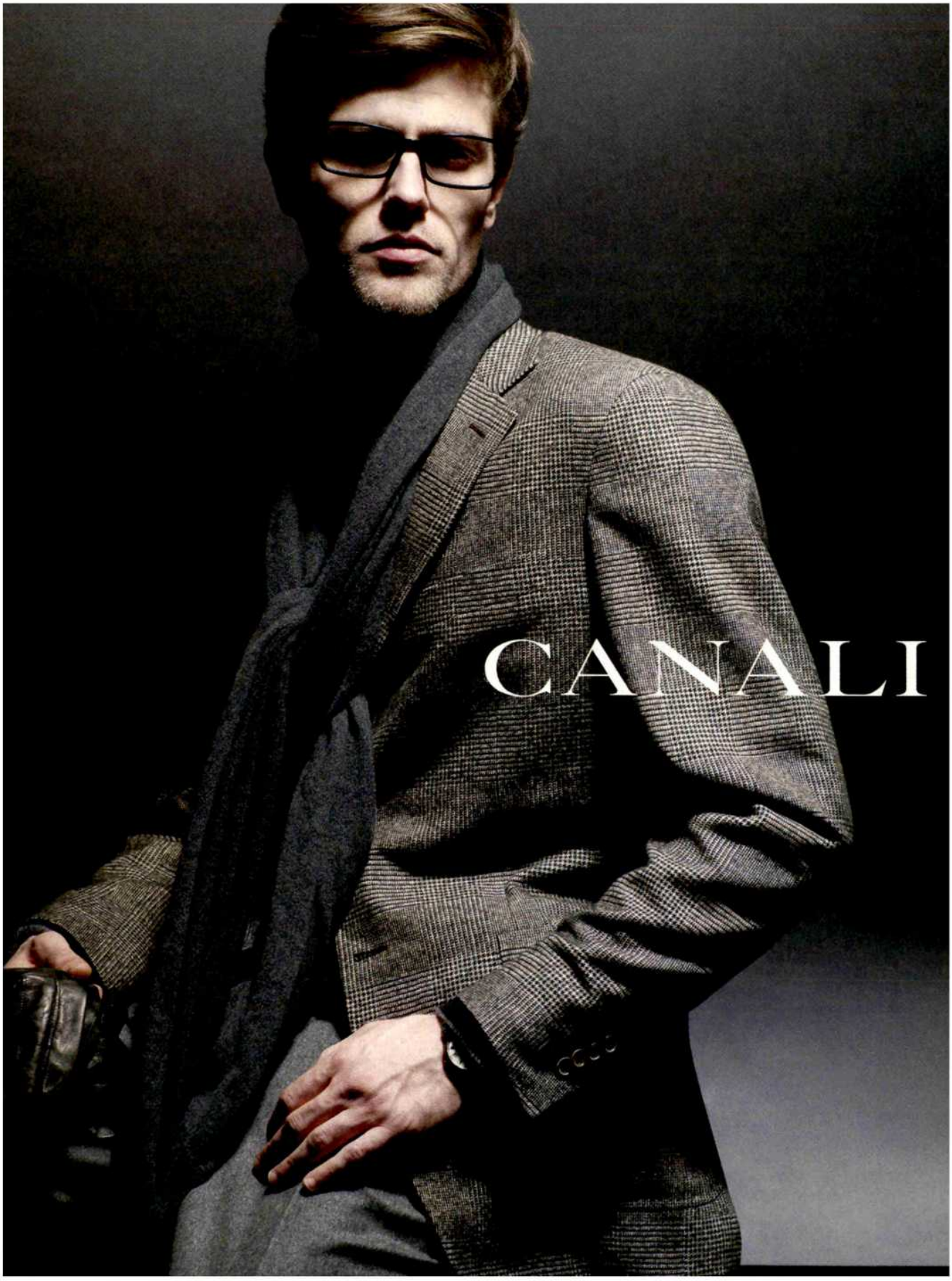
Rs 44,160 cr
The size of the bid that Vedanta has made to buy 60 per cent of Cairn India from UK-based Cairn Energy

Rs 1.67 trln
The net worth of Vedanta Chairman Anil Agarwal, if the proposed takeover of Cairn India goes through

Rs 1.45 trln
The net worth of Reliance boss Mukesh Ambani, who Agarwal could displace as the wealthiest Indian if he wins the bid

Rs 35,000 cr
The investments that Vedanta has lined up for its Orissa project, which was stalled by the Ministry of Environment and Forests

Rs 36,475 cr
The last reported revenues of Vedanta Resources

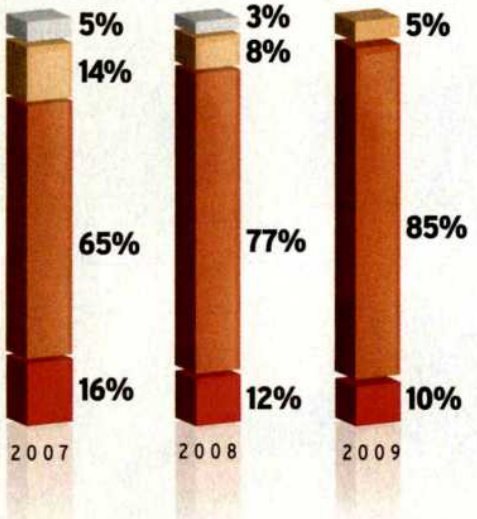

CANALI

A Healthy Trend

The Asia-Pacific region is emerging as a giant market for health care services. Economic growth has ensured rising investments in hospital infrastructure and health care facilities. However, the health care system in India – already home to the most diabetic and cardiac patients in the world, and said to be the origin of the new "superbug" that is worying the West – is still woefully short of global standards.

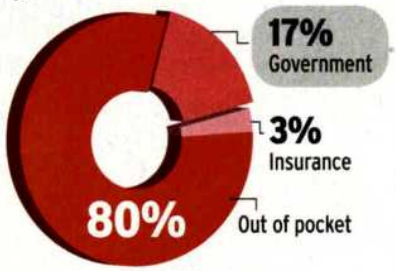
Asia-Pacific Health Care Market Revenue

Health Care Spending in Asia-Pacific

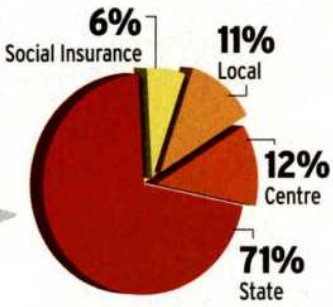


India's Report Card

1 How Health Care Spending Stacks Up



2 Break-up of Government Funding



5 STEPS TO HERE

THE H-1B VISA DEBATE

1

1990

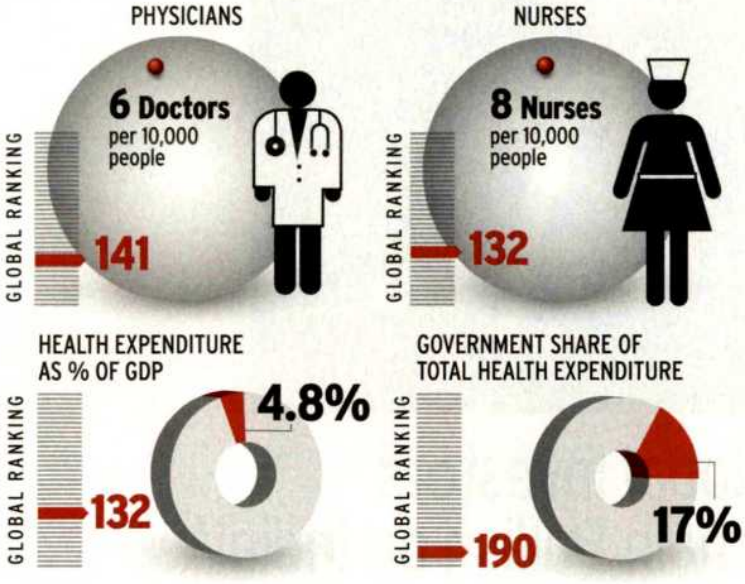
The H-1B visa is created to meet shortages of specialised workers in the US. A cap is set at 65,000 visas every year

2

2000

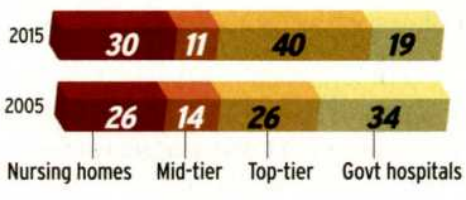
The H-1B cap is raised temporarily to 195,000 for FY2001, 2002 and 2003, as software services outsourcing takes off

❸ India in Global Health Care Ranking, 2009



❹ India's Public and Private Share of Hospitals

By 2015, top-tier hospitals are expected to account for 40% of all hospitals.



❺ Changing Times...

- India's health care market is $23 billion and growing at over 30 per cent every year
- Private hospitals in India meet or exceed international quality standards
- Medical tourism industry stands at Rs 1,200-1,500 crore in revenues

❻ ... But There's a Long Way to Go

- India ranks 171 among 175 countries in public health care spending
- The low health insurance penetration rate in India is a cause for concern
- Nearly one million Indians die every year due to inadequate health care facilities

ALANKAR

Source: ISI Analytics

BT Retro
BT, October 17, 2002

Can This Bird Fly?

THEN: "Honestly, I don't like publicity," says Jatindra Narayan Gogoi, looking more like a seasoned professor in his light blue full-sleeve shirt than the Managing Director of Air India. That's the 57-year-old's way of explaining why he stays away from the limelight, although the national carrier he's been piloting for 17 months has finally started pulling its nose up after six consecutive years of drop. The interview to *BT*, he claims, is only his third ever. But novelty, be it a media interview or his new job, is apparently not one of Gogoi's problems. The man, who joined the carrier way back in 1969 as an engineer, is said to be a quiet, details-man, who's happy doing things behind the scenes than under the media spotlight. To be sure, part of Air India's turnaround work was started by Gogoi's predecessor Michael Prem Mascarenhas (the pro-disinvestment man was charged with corruption and dismissed by the Ministry). But the credit for giving it a greater thrust goes to Gogoi, who as Director (Finance), initiated sweeping cost-cutting. The result: A profit of Rs 15.44 crore finally showed up on the bottom line last year. But this, he says,is just the beginning. The target for this year is Rs 24 crore, although Civil Aviation Minister Shahnawaz Hussain wants the figure to be higher.

NOW: Air India is in dire straits. The losses of the National Aviation Company of India (NACIL), formed by the merger of Air India and Indian Airlines in 2009-10, are estimated to be in excess of Rs 12,000 crore. Like most PSUs, its Achilles heel remains its mammoth workforce. Many experts feel it's time to put it on the block.

3

2003
In the run-up to the US Presidential election, the H-1B programme draws flak. A Bill is moved by

4

2009
US government data for 2008 reveals that 5.7 lakh Indians were is-

5

2010
The US proposes to increase H-1B, L1 visa fees by $2,000. Indian firms will now have to

STRONG DEMAND FOR ECONOMY HOTELS IN INDIA

GILLES C. PÉLISSON, Chairman and CEO of Accor, one of the world's leading hotel chains, spoke to *BT*'s **ANUMEHA CHATURVEDI** about his India plans.

We have eight Accor hotels in India at present, and we hope to become the leading international hotel operator here with 90 hotels by 2015. We have hotels under the brand names Mercure, Ibis and Novotel, and hope to add three more brands – Sofitel, Pullman and Formule 1 – to our list next year. Between now and the end of 2012, we'll launch 21 hotels, adding over 4,800 rooms to Accor's Indian network.

We see a strong demand for economy hotels here, driven by significant and consistent growth in domestic travel and improved infrastructure. Ibis fits both business travellers and family. Our four-star brand Novotel comes next and we'll open 13 Novotels in three years.

Our rollout in India has been relatively slow due to the various clearances required. It takes longer to build hotels here as opposed to other countries. It's a part of our learning curve.

SHEKHAR GHOSH

UMESH GOSWAMI

"Global Investors Remain Bullish on India"

RAHUL BAJORIA, *Regional Economist at Barclays Capital, one of the world's largest investment banks, was in India recently on a whistle-stop business tour. In an interview with* BT's **RAJIV BHUVA,** *Singapore-based Bajoria shared his views on declining industrial growth, capital inflows and interest rate outlook in India. Excerpts:*

The moderation in the industrial growth is a function of a higher base. Around the same time last year, there was a significant pick-up in growth momentum. The sequential moderation seen over the last three to six months is not something we should be overly concerned about. The levels at which we were growing in the second half of last year were clearly unsustainable. Over the next three months, we could revert to decent growth numbers.

Most equity investors remain structurally bullish on India's growth story. This year, more than 50 per cent of equity inflows in Asia have come to India even though relative valuations are slightly expensive here. We may see some moderation in inflows, which will be a healthy correction, as globally growth is likely to witness moderation, impacting the risk appetite of investors.

RBI has not specified the neutral rate of interest and the corresponding levels of inflation and growth will determine this neutral rate of interest. The central bank is likely to pause after its September meeting to reassess the net impact on credit demand, deposit growth and the liquidity situation. If RBI remains comfortable with the current pace of rate hikes, it could restart its rate hike cycle from the next financial year. We expect only one rate hike to come through in the current year.

To gauge a neutral rate of interest one needs to determine the trend rate of growth and inflation. Over the last few years, RBI has been increasing its comfort levels on inflation. With inflation at five per cent and GDP growth at 8-8.5 per cent, the neutral rate of interest could be pegged between six and seven per cent. Depending on the nature of business cycle, the neutral rate could move up or down by 50 basis points.

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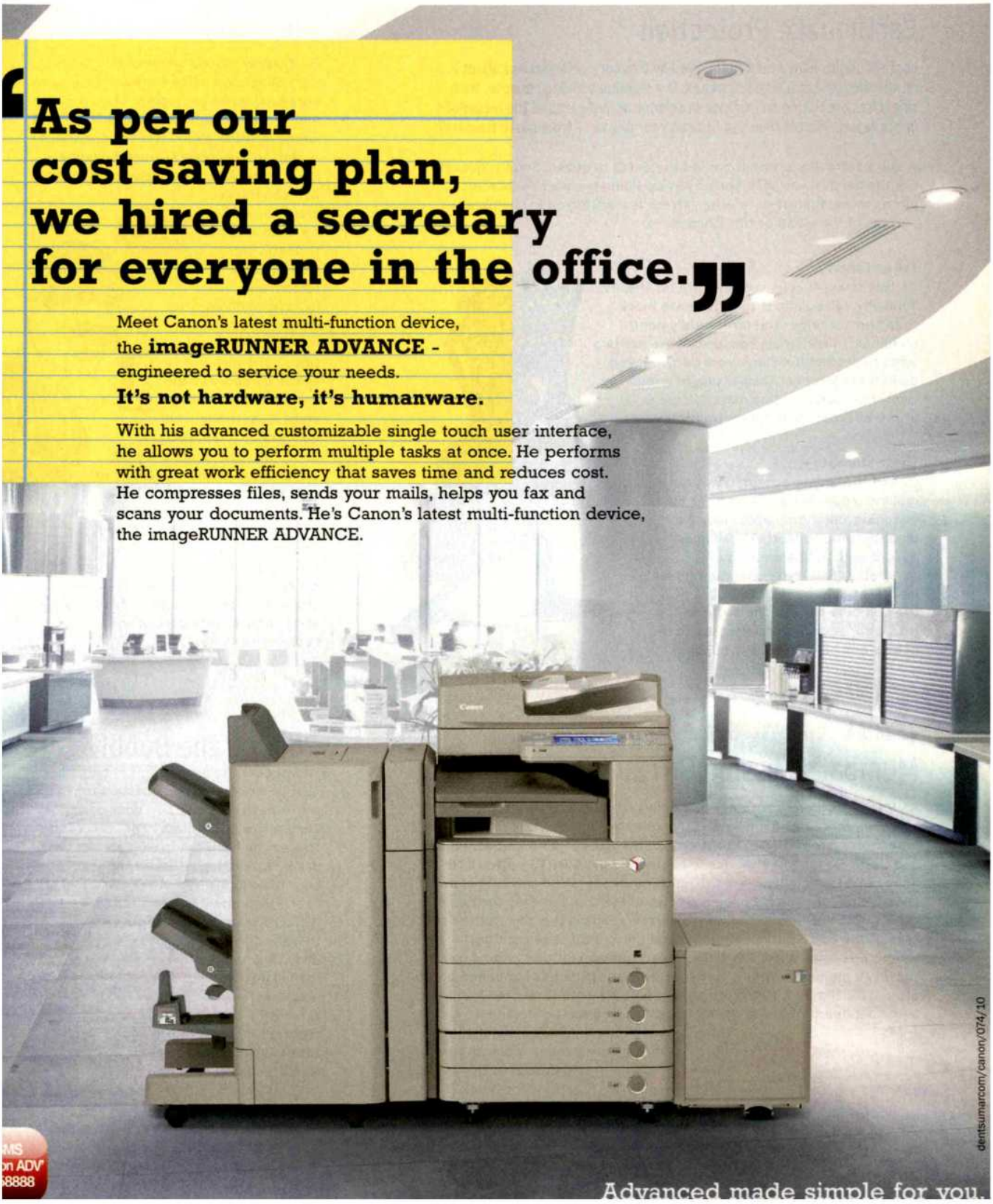

"As per our cost saving plan, we hired a secretary for everyone in the office."

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Earthquake Protection

Last fortnight, heavy rainfall followed by a minor earthquake of about 2.6 on the Richter scale killed 10 people in a Mumbai building collapse. With scientists predicting an increase in seismic activity around the megapolis in the future, isn't it time you insured your property from nasty tremors?

A quick refresher on what causes the earth to quake. Simply, quakes are the earth's way of releasing stress. When the earth's tectonic plates move against each other, stress is transferred to the outer surface of the earth or the lithosphere.

Tall and short

As this stress is released, the ground shakes. Typically, tall buildings tend to shake more than shorter ones. And structurally poor buildings, tall or small, collapse. There are two ways to protect buildings from earthquakes: build them stronger (better engineering, reinforced construction material, etc.), or retrofit them with quake protection.

Shake stopper

One of the widely-accepted ways of making a building quake-proof is by installing 'dampers', which look like gigantic shock absorbers. Dampers absorb and dissipate energy generated by the tremors and release it as heat. When the building shakes, the dampers restrict the swaying and thus prevent structural damage to the beams and columns of the building.

ILLUSTRATIONS BY ALANKAR

COMPILED BY T.V. MAHALINGAM

Just Wondering

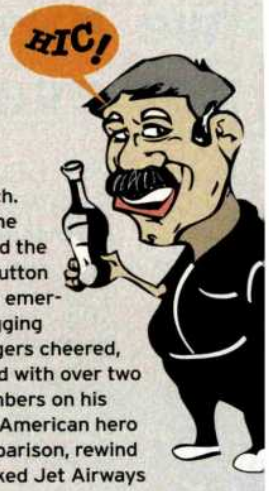
Mumbai's Missing BRTS

As Mumbai's lifeline, its suburban railway network, shows some serious clogging, there has been some talk of implementing a bus rapid transportation system (BRTS) in the city on the lines of Ahmedabad, Pune and Delhi. So far, just that has happened – talk. A BRTS network requires bus lanes in which 15,000-plus passengers can travel at high speeds. Initially, the planning agencies of Mumbai felt that such a network would not be feasible due to narrow roads in the city. But the success of the BRTS network in Pune and the keenness of the Central government to implement low-ticket urban transportation systems made the city's planners rethink. However, precious little has happened on the ground for the Rs 1,300-crore project which was first mooted four years ago. Last heard, the Mumbai Metropolitan Region Development Authority was rustling up a report for the Central government which, in turn, would push it to the World Bank for funds. The timeline for the project's implementation: about three years from now. Hopefully, this won't be another bus that will be missed.

Quirky

Hic, I Quit

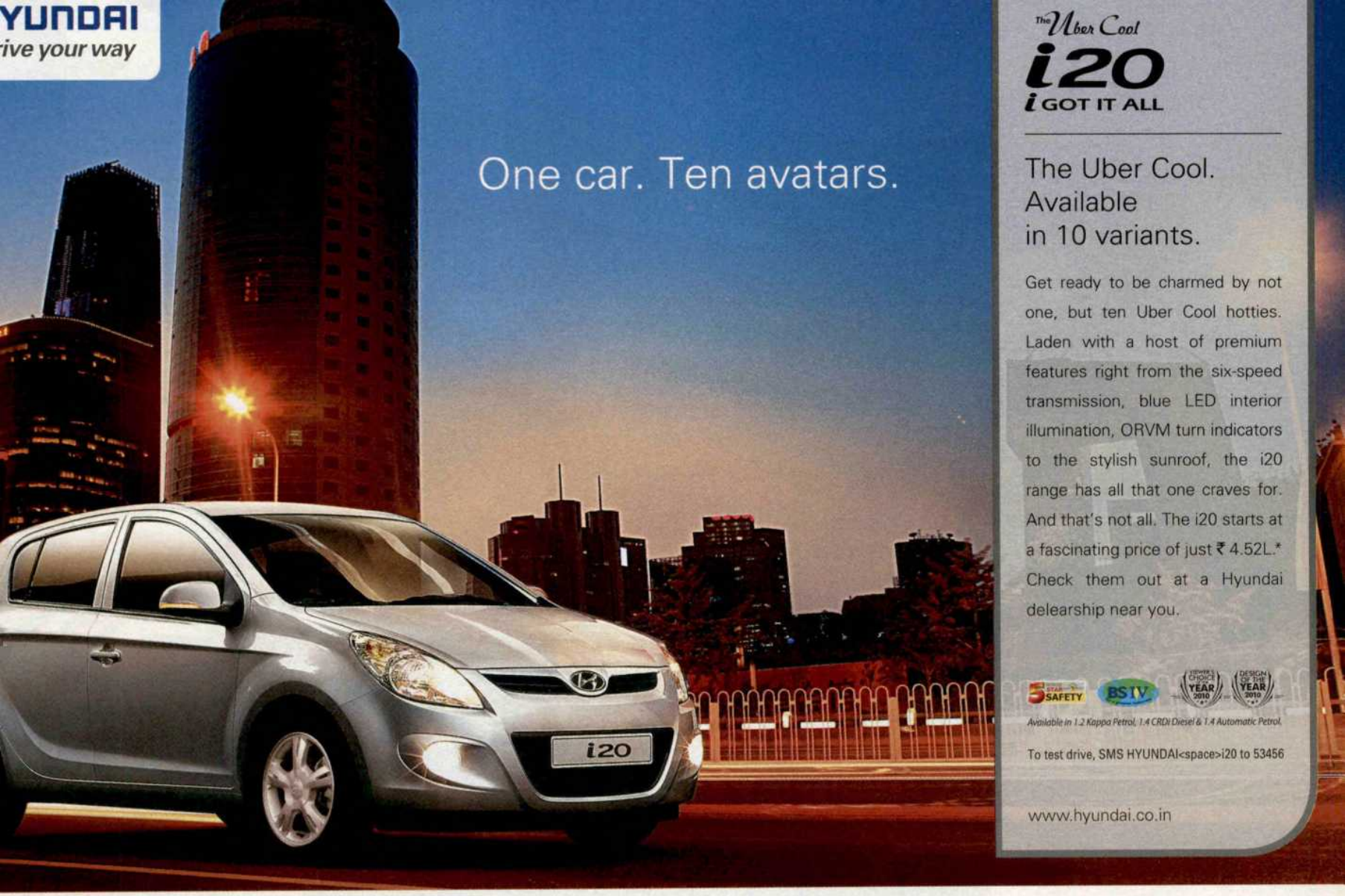
Be it Rocky Balboa on reel or the legendary Seabiscuit in the Derby, America has always loved its underdogs. Steven Slater, a nondescript flight steward with low cost airline JetBlue, joined this select band of American sweethearts when he quit his job in style. After an abusive passenger bumped the veteran steward on his head with her suitcase, Slater walked to the intercom and launched into an invective-laced resignation speech. Once done with the words, he punched the emergency exit button and slid down the emergency chute, swigging beer. The passengers cheered, netizens approved with over two lakh adoring members on his Facebook and an American hero was born. In comparison, rewind back to what sacked Jet Airways employees did two years ago. They ganged up and went to Maharashtra strongman Raj Thackeray, whining. Style and coolth is not a generic trait in airline staff, eh?



Snoot Corner

Pouring the Bubbly

Well, modern science scores one more victory. And the fizzing question the mathheads have solved is: how does one pour champagne into a glass? The correct way to pour the bubbly is to emulate the beer drinkers. Pop the bottle, tilt the glass and pour it along the side of the glass, just like beer. Fellow snoots, shed a few dignified tears. And make sure that the champagne is cooler under four degree Celsius. In the latest issue of the *Journal of Agricultural and Food Chemistry*, scientists have reported that pouring your expensive bubbly like your Rs-100-a-bottle beer, preserves the taste, aroma and the feel of the champagne. How? Supposedly, the carbon dioxide concentration in the champagne is preserved best when poured in the manner favoured by beer guzzlers. So the next time you lay your hands on a champagne bottle, uncork it like a snoot but pour it out like a sailor.



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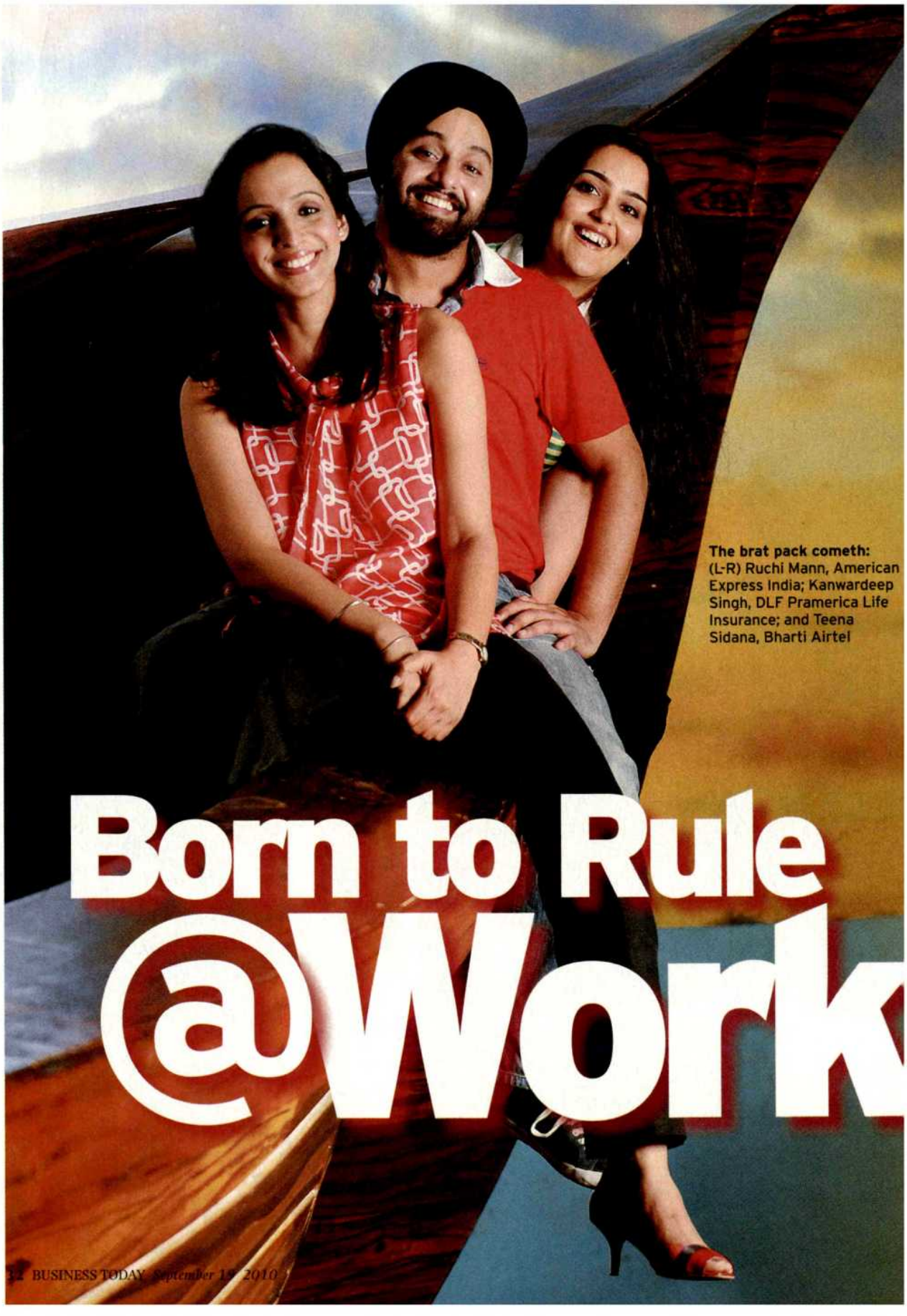

The brat pack cometh: (L-R) Ruchi Mann, American Express India; Kanwardeep Singh, DLF Pramerica Life Insurance; and Teena Sidana, Bharti Airtel

Born to Rule @Work

Twentysomethings are changing the Indian workplace – mostly for the better.

BY SAUMYA BHATTACHARYA

Mavericks. Free thinkers. Rebels. They are impatient but result-oriented. They live for today but are defining the future. They seek out mentors but seldom put anybody on a pedestal. They may not be visible in their workplaces but their output is.

Meet the archetypal conundrum facing India Inc.: twentysomethings in its workforce.

Organisations are bending over backwards to accommodate the "brat generation" that sticks to no rules but its own. In a country where one in two citizens is younger than 25 years old, hirers had better get used to this. Simply because they represent the human capital of tomorrow.

"They are a little bolder than earlier generations and they are less mature," says M.S. Krishnamoorthy, Senior Vice President and Head of Human Resources at 'old economy' conglomerate Larsen & Toubro (L&T). But that's enough to make it change and shake up its hoary processes. At the 72-year-old company that hires 1,500 freshers every year, twentysomethings are changing the way the company functions — right from its policy on social networking to the way it designs employee benefits.

L&T has its own version of Facebook, well almost. L&T employees, all 40,000 of them, are free to form networks within the organisation and, well, talk among themselves. The company still frowns on Twitter and Facebook, but Krishnamoorthy is not sure "how long we will be able to do that".

What has decisively changed at L&T are pay packets. Retirement benefits have been discontinued for the new recruits, parts of salaries that were earlier paid as loans are being done away with. "Now we cash it out because youngsters want money in hand rather than security in the long term," says the company's HR head.

L&T is rapidly changing and the picture is not very different elsewhere in corporate India. The twentysomething generation is indeed re-writing the try is where the change is sweeping. "We have changed to keep pace with youngsters," says Ajoy Mukherjee, the head of Global HR at Tata Consultancy Services, where the average employee age of 28 years is considered high by industry standards. Think of a company like Infosys Technologies expanding its workforce by one-fourth every year by mostly hiring fresh graduates 20-22 years old.

Rapid Growth, Growing Demands

Talent managers look at the trend from a macro perspective. It's not a change in individuals, it's a change across the board because India is a dynamic economy that is sucking a young population (median age 24.4 years) into its workforce, they reckon. Human capital expert and chairman of staffing firm TeamLease Services Manish Sabharwal gives his rationale: "When things are stagnant, they are biased towards the older generation. When they are changing, things are biased towards younger generations."

The mindsets of the new entrants in the workforce have changed as the Indian economy has grown rapidly. The generation that has grown in the post-liberalised era — a five-year-old in July 1991 when India embraced market reforms would be 24 today — just does not have the hoarding, saving mentality of earlier generations. There's a desire to acquire — higher compensation, instant recognition, learning, the power to make decisions and, above all, a desire to have absolute control over their careers and life.

When stagnant, things are biased towards the older generation. When changing, they are biased towards the younger generation

Behavioural experts will have you believe that this generation has been brought up very differently from the past generations. "They have been mollycoddled and showered with the kind of attention not paid to

VIVAN MEHRA/www.indiatodayimages.

PRATEEK BHARGAVA (L), 25
Assistant Manager in HR, Maruti Suzuki

Got a career plan for me?

I had the luxury of choosing my employer even in a downturn when my batch, class of 2009, at the Management Development Institute was roughing it out at placements. Other things being equal, the location clinched it for me and I joined Maruti Suzuki in May 2009.

Yes, it's true that the image of a brand is vital and I did not want to settle for anything less than a market leader. While you are on a learning curve, it's best to learn from a leader. I was pretty sure I will get great cross-functional exposure at Maruti Suzuki that I joined over one year ago.

Soon after joining work, I wanted to know what was there for my career in it. What's wrong in asking that? I need to understand how I am going to grow in my company. What's their plan for me? And are these plans in tandem with my own plans?

What keeps me at my company is my empowered environment and that's not just rhetoric. I have a lot of freedom and flexibility in what I do. That's important. You can tell me what I need to do, but the 'how' should be left to me.

Just the other day, my father was asking me to join his well-established business of publishing. I always have that option, but I don't want the world handed over to me on a silver platter. Sure, I have entrepreneurial skills. Ten years down the line, may be I will look for something new in my father's business, but right now I am preparing and working for it.

VIVAN MEHRA

Chatrath, Senior Consultant, Leadership and Talent Consulting, Korn/Ferry India, an executive search firm. So, they have more self-worth, and for organisations, they are both high performance and high maintenance (read demanding) assets.

This generation of twentysomethings does not respond to command-and-control type of management. Give them work, tell them what is expected and you will perhaps get better results than what you were looking for. "That's great for them as individuals, but each of these traits means a new challenge for people managers," says TCS's Mukherjee. "For something as simple as writing code, TCS gives its employees ample freedom to find their way around. All they are given is the requirement and the deadline."

Plus, of course, since they have been encouraged to ask questions by their parents, it is natural for twentysomethings to put posers to their employers. "This generation is not afraid to ask questions and definitely wants answers," says Mukherjee, who is championing internal communication like never before at one of India's oldest information technology outfits, Tata Consultancy Services. (See *Mr Rapidfire*, page 50.)

A need to feed new challenges translated into frequent job rotations, he adds, which has kept attrition down at 13.2 per cent at the moment.

The speak-its-mind generation creates some uncomfortable moments even for their business leaders. At a multinational in Gurgaon, the company head found himself amongst sceptical young employees when he announced a health initiative for the organisation, because he happened to be a chain-smoker. It's been a year since the company head quit smoking (See *The Art of Listening*, page 39) and the health initiative is a roaring success.

The young are not afraid to make fools of themselves when speaking their minds. "You have to be young and stupid to be old and wise," sums up Atul Bansal, a 24-year-old management trainee at Bharti Airtel, with an attitude almost as big as his company's network. (Read about Bansal in *Theatrical Inc.*, page 46.)

Win Some, Lose Some

How many managers find themselves struggling for attention from that high performer sitting coolly at his workstation, earphones firmly in

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rest of the workplace? Of course, even the boss competes with iPods and social networking sites for his attention. Or what will the manager do with a brat who speaks her mind far too often for comfort?

Organisations are searching for answers. Some like Bharti Airtel and the world's leading mobile phone maker Nokia have long started reverse mentoring, while others like car-maker Maruti Suzuki and Genpact, the No. 1 business process outsourcing company in India, have overhauled appraisals to ensure instant gratification to this set of employees. Appraisals are not just once-a-year increments. Feedback, if not increments, is given all through the year.

Maruti Suzuki's Managing Executive Officer (HR, Finance and IT) S.Y. Siddiqui says freshers are very anxious about their careers from Day One at their job. "They want empowerment and they want to experiment," he says. So, for the first year when freshers work on projects, they are free to experiment and fail. "They are given projects and they are not accountable for these."

> Some of the brilliant twentysomethings perform at an individual level but fail to merge their identities with the team

The youngsters will have you believe that it's not about only career and money. "Work-life balance is important. I have life beyond work," says a 27-year-old TCS employee who quit his very first job in three months because he did not have enough time for himself.

Typically, work for a twentysomething "is not life and they know exactly how to have a work-life balance," says Sandeep Kohli, Head of HR at audit and consulting firm Ernst & Young.

Such an outlook also means challenges. "If you tell these employ- significant partners cannot go, they will not take up the offer," says Aquil Busrai, a former talent manager at companies like Shell, Motorola and IBM India. Busrai, who is in his early 60s, went to Etah, one of the districts of Uttar Pradesh, for two years early in his career.

Sure, organisations have been quick to identify and tap the attitude of this generation. Biggies across sectors have charted out impressive young leader programmes. "Spotting young leaders as early as that (between 20 and 30) is important and that evolution is happening because this generation has the ability to adjust and adapt," says Korn/Ferry's Chatrath, who is also a leadership expert.

But is that enough? Should the future course of the workplace be decided by the demands of these youngsters? Human resource experts often tell you that some of the brilliant twentysomethings perform at an individual level but fail to merge their identities with the team. Pankaj Bansal, Co-founder and CEO of HR consultancy PeopleStrong, warns that some companies may be overdoing it by overhauling internal structures to meet the demands of a demanding twentysomethings workforce. All of them, he warns, will not be high performers. "Do they all bring tangible value to the workplace," asks Bansal. Chatrath agrees. In her experience, when twentysomethings are filtered for leadership, just five to seven per cent make the cut. That's a sobering thought even as you read about 11 youngsters changing India's workplace on the following pages. ⊙

WITH INPUTS FROM
ANUSHA SUBRAMANIAN

AMIT BIKRAM BANERJEE, 26
Support Escalation Engineer at Microsoft India, Bangalore

I ask too many questions. So?

GenY wants instant gratification
Everyone looks for gratification. That' more to do with how fast-paced life is now and not really a generation cliché GenY may be aggressive, but not overly aggressive. The only reference point I have is Microsoft. It's not that I have been left wanting gratification. My long-term may be two years and not four-five years, but this is an accusation that is not always true.

No concept of loyalty
Of course we are loyal! If by chasing my passion for technology I can grov in my job, I can stay in this company for 10 years. I have seen that many a time my peers do not have clarity on what they are looking for in a job. Then you've got to leave. If you have meaningful communication at work, then loyalty finds it way.

It's all about money
Depends. As long as compensation i at par with the industry, I don't see a lot of grumbling happen on that count. It varies from person to perso Obviously, I will not take up a job tha pays me less. But I don't agree that remuneration is a top factor. If you a the highest paid guy around, but do not enjoy your work, what's the poin

GenY asks too many questions
Well, I plead guilty to that. We are candid and do ask too many questions That's because we want communicati to happen. I also want constant communication on what I am doing and how I am doing it.

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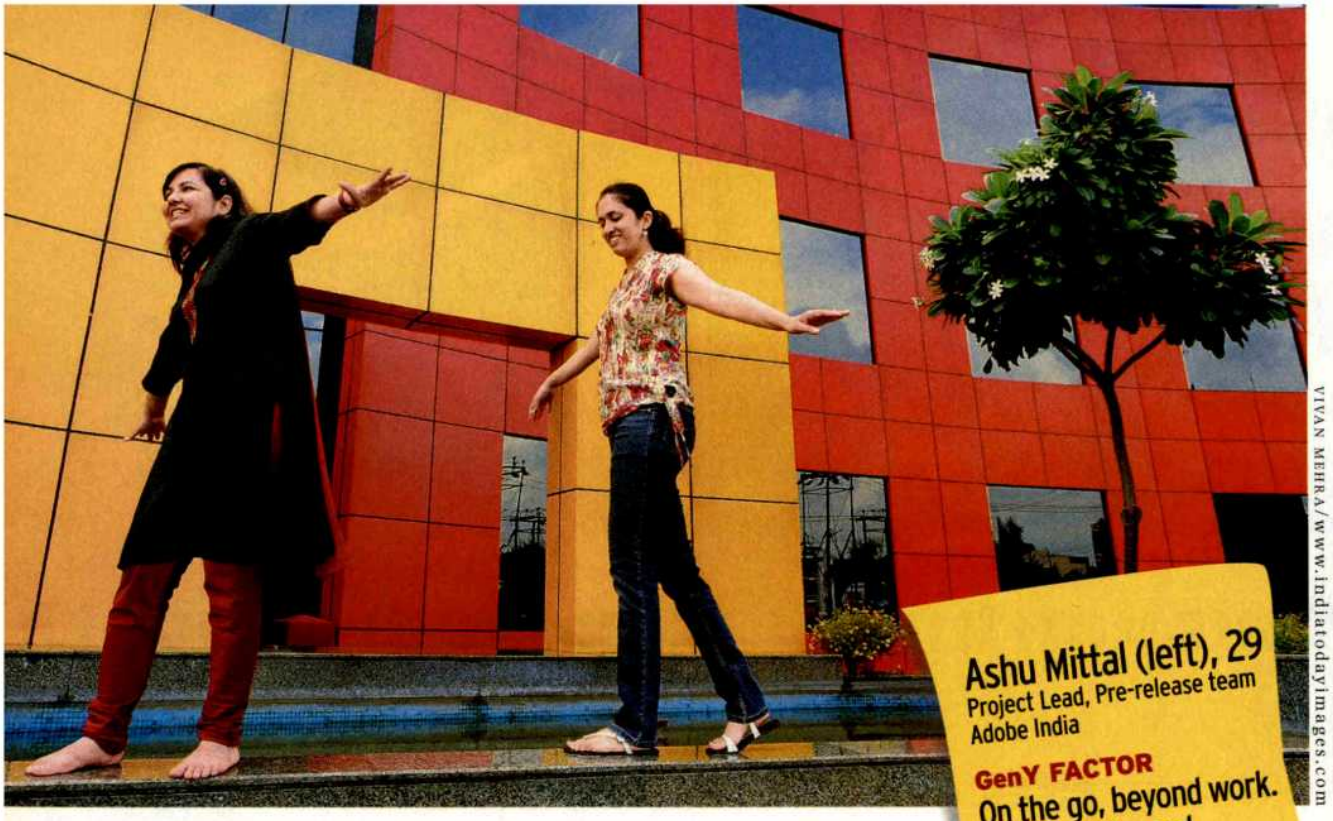

VIVAN MEHRA/www.indiatodayimages.com

Ashu Mittal (left), 29
Project Lead, Pre-release team
Adobe India

GenY FACTOR
On the go, beyond work. Photography and Twitter rule

ADOBE INDIA

Freedom of Choice

Recruiters at Adobe India, like peer companies that trawl engineering campuses for new hires, are being asked questions no one bothered about five years ago. "Five years ago, it was about product and technology," says Jaleel Abdul, Human Resources Director. "Now we are asked: 'Who are you? What's your plan about work-life balance?'"

Adobe has 1,700 employees in India and hires 150 youngsters with zero experience every year. "This group has redefined the way they get managed," says Abdul, who's in his early 40s.

Ashu Mittal, 29, Project Lead for Pre-release team of Adobe India, tweets while she works and had 3,500 followers at the last count. "Using Twitter during work hours is like a coffee break," she says.

For employees like her, Adobe has its own social networking solution, Yammer. Next: a solution that will enable two-way communication and work as an idea expression platform.

But the bigger picture for Mittal and Developer Kriti Agarwal, 23, who has spent one year in Adobe, is the flexibility and life beyond work that the organisation offers them. "I have work hour flexibility, I have the freedom to innovate and I have a platform to showcase my talent," says Agarwal. Could I have asked for more," she asks.

SAUMYA BHATTACHARYA

The company has changed itself to balance the work and life of its employees

AMEX INDIA

The Art of Listening

Ruchi Mann, 26
Communications Specialist
American Express India

GenY FACTOR
Driven by career growth and work culture. The latter also means lots of flexibility

VIVAN MEHRA

More than half of Ruchi Mann's co-workers are less than 27 years old and at least half of them are women. Yet, Mann, 26, is in a minority — 90 per cent of the leaders in her organisation are GenXers, over 28 years of age.

Still, in the three years she's been at American Express India, Mann, a communications specialist, has seen the organisation turn itself 180 degrees almost, all to accommodate its young workers.

"The biggest inhibitors of innovation are the leaders," says Pradeep Kapur, Regional Vice President and GM, World Service India. "The older generations need to learn a lot more to deal with GenY." The company plans a "reverse mentoring" programme that will have GenYers teach GenXers new tricks.

For his part, Kapur has learnt to listen. The need for career progression and fun at the workplace came as no surprise in a survey Amex conducted about a year ago. The desire among employees for flexibility on office hours did. Mann, who works from home once a week, says: "The need for a flexible work environment has become extremely visible now and I like every bit of it."

But, yes, you need to walk the talk, as Kapur discovered early in 2009 when Amex started a healthy living drive. Kapur smoked 10-15 cigarettes a day. He quit smoking; so did nearly a third of the smokers in Amex India. Listening helped, says Kapur, beaming.

SAUMYA BHATTACHARYA

Youngsters will soon start mentoring their seniors. The objective: How to listen to GenY

H.K. RAJASHEKAR

ASHOK LEYLAND

Turning Convention on its Head

Gelled hair styled into a spike, a soul patch below his lower lip and, quaintly, an Orkut account with over 400 friends. B. Chandrasekaran — Chandru to friends and colleagues — resembles a typical member of GenY in a call centre or retail outfit. But at the 62-year-old truck maker, he clearly stands out.

Chandru has clear views on what he does and what he does not. Facebook is too intrusive, tweeting is not cool. He loves to dance and has been learning hip-hop and gymnastics to make a mark when he hits the dance floor.

At Ashok Leyland, or ALL, he is a high performer. In less than eight years, he has risen to become a deputy manager in charge of product development, from a trainee engineer, and is today part of the company leadership pipeline of 150 managers in a 4,000-strong executive workforce.

When he joined ALL in 2002, the company was in the throes of a churn among GenY workers frustrated with managers used to hierarchy. "We were given a list of things to do and told how to do it. We were supposed to just deliver. That's it," he recalls.

Things began to change in 2004 after ALL introduced "Mission YES" — an initiative aimed at engaging the GenY. Soon, seniors "began delegating a lot of work and responsibility was shared", says Chandru. Today, in Chandru's team of 12 freshers, there is freedom to work, communicate and offer solutions. Decision making is transparent and each team member's contribution is recognised. On his calendar is the occasional dinner and, even, a trip to the disco with colleagues. By the time his department head knew him, "I was already four years into the company," says Chandru, determined to learn from others' mistakes.

N.MADHAVAN

Youngsters have been roped into managing and imparting agility to the company

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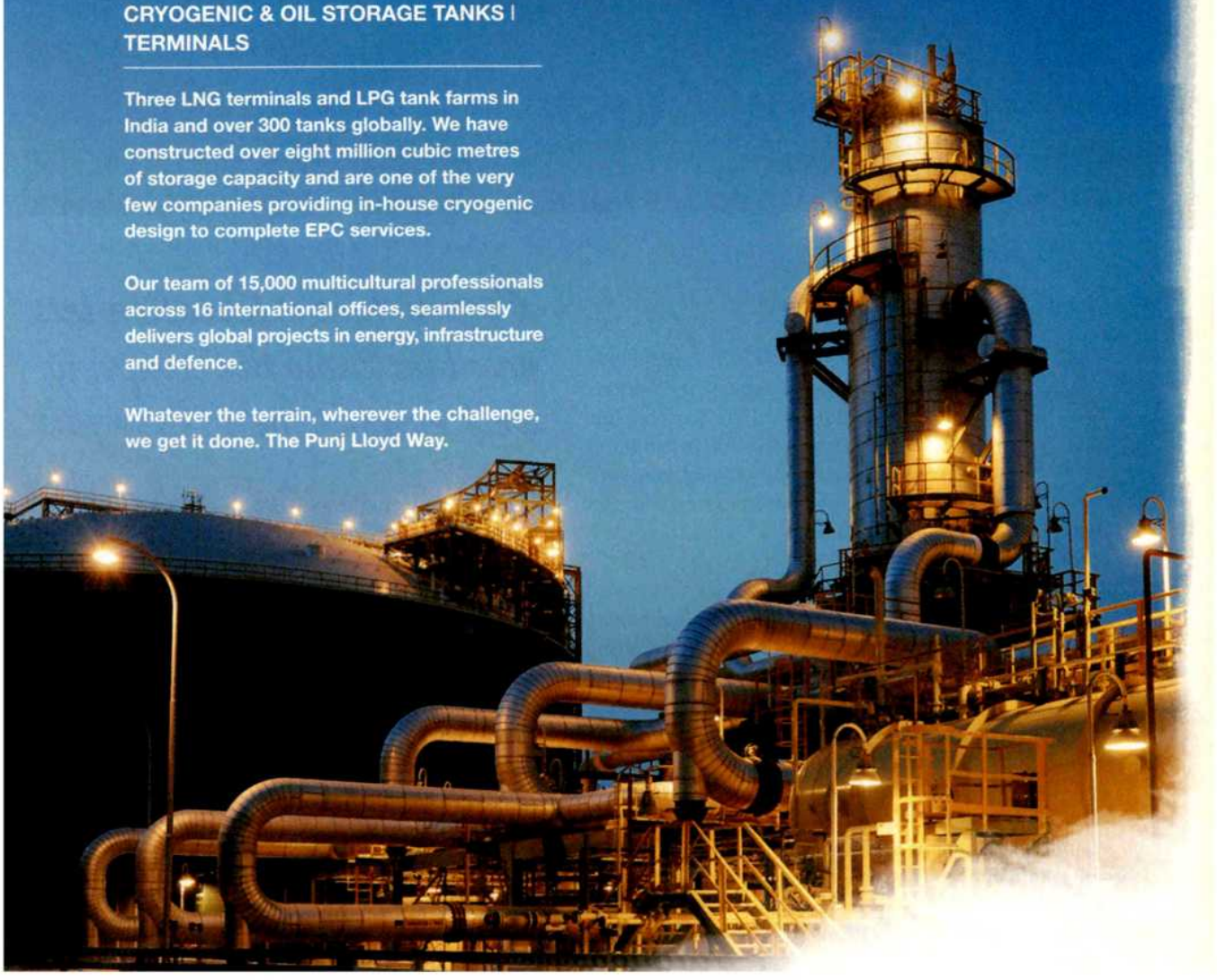


GENPACT

Hire to Stay

MONEY SHARMA

A pre-hire orientation lets newbies know the company well even before they join

A business process outsourcing firm in India typically sees at least one in four of its workers resign every year. When you are Genpact and employ over 40,000, that is nearly 10,000 resignations a year. And, if you count 27 per cent of your workforce under a restless 25, you try to understand what makes them tick.

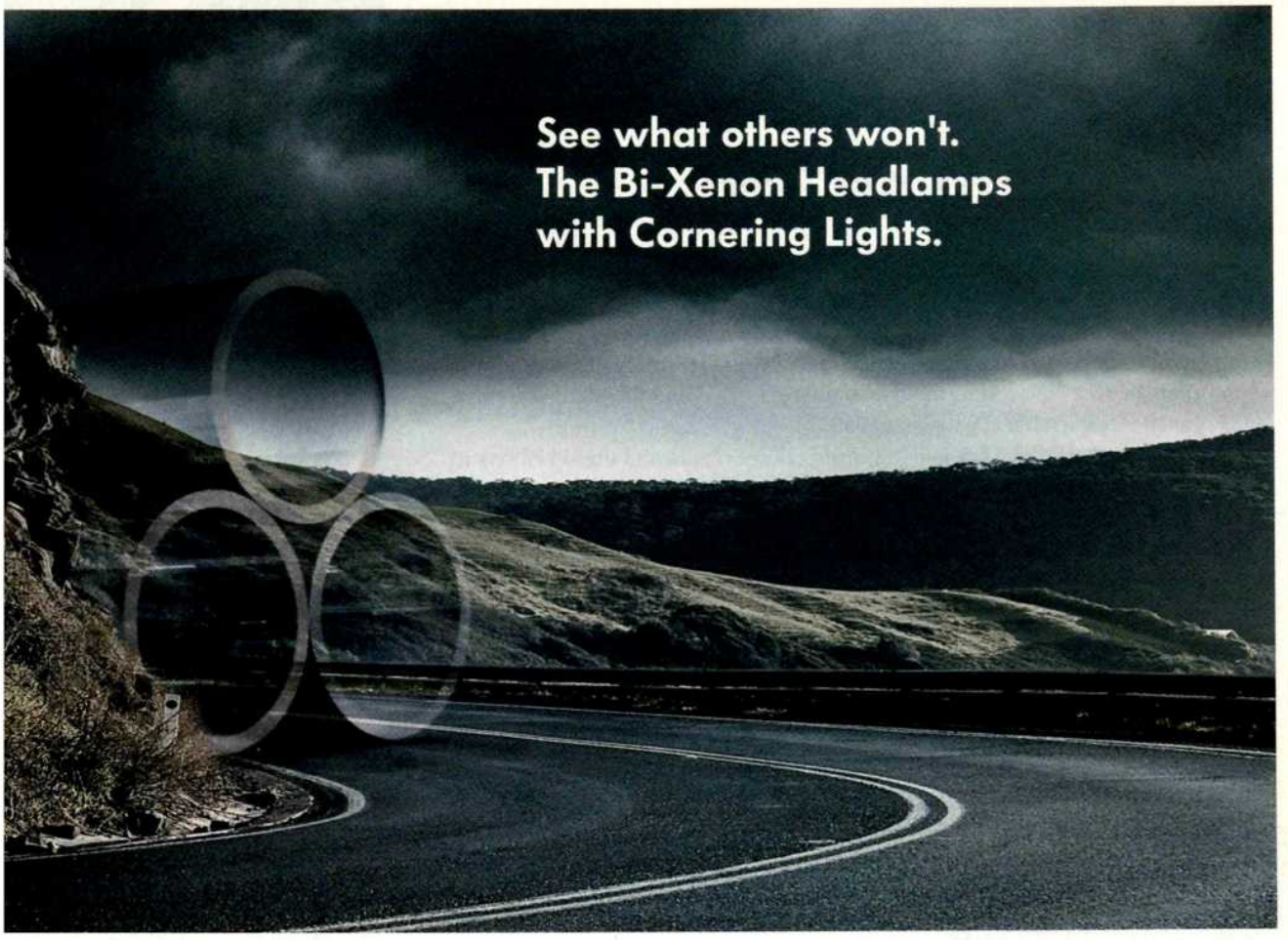
A survey showed work-life balance was a priority for 78 per cent of its twentysomething employees. Most said work was indeed time-driven, not necessarily time-bound, and while money helps "buy stuff", work had to go beyond and present a meaning to them.

Genpact's global Head of Human Resources Piyush Mehta, who calls GenYers TLC (short for technology savvy, life-balance seeker and craving for attention), has institutionalised a bunch of "common minimum practices". "This includes providing a 'buddy' to new hires, pre-hire orientation, pro-actively assessing propensity to attrite (some kind of an early warning system), among others," he says.

Case in point: Salman Rizvi, 20, who joined Genpact four months ago. He hails from Lucknow and walked into Genpact's offices a few months ago when he learnt about openings. He went through eight — yes, eight — rounds of interview under the pre-hire orientation that gives potential employees a true picture of what is expected of them — warts and all. "One out of every six potential hires drops out at this stage," says Indira Sovakar, Vice President, HR.

Rizvi says he is in for a long haul at Genpact. Barely a month into his first job, he was selected to go to the United States for onsite training. "I was shivering when I went for my visa to the US embassy in Delhi," says the commerce graduate from Lucknow University. Next, Rizvi, whose friends tease him for an American twang he acquired while in Hartford in Connecticut (United States) for four weeks, wants to join a certification programme in accounts management for which he will be eligible after working for six months in the company. He has certainly acquired ambition.

SAUMYA BHATTACHARYA



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Training on Tap

In 2008 when Harshita Verma decided to walk away from her first job at an information technology services company after barely two months into it, she could have been accused of being too picky. Her reason was that she was "not comfortable with the structure" and the managers there had not defined her key result areas.

Verma, who is Associate Manager - Corporate Brand and Relations at Apollo Tyres, has seen drastic changes in the way the tyre maker manages talent at the company. It skips top engineering and business schools and hires only from second rung institutes because their alumni stay longer. Apollo's HR chief Tapan Mitra has found another magnet for twentysomethings: a mandatory, structured training programme.

Still, faced with the challenge of engaging youngsters at their plants, the company has introduced the concept of mentors for its graduate engineer trainees at its plant in Baroda, Gujarat. "The environment at the plant is difficult. Not just for work. The mentors help youngsters deal with issues beyond work," says Mitra. Another change: performance feedback is now given every three months instead of 12 months earlier.

Even as all this rolls out, Apollo Tyres and its young and the restless are clear that salary hikes do not work as a retention tool. "Nobody wants lifelong employment. And they are very upfront about it," Mitra says. That's one learning India Inc. will find hard to digest.

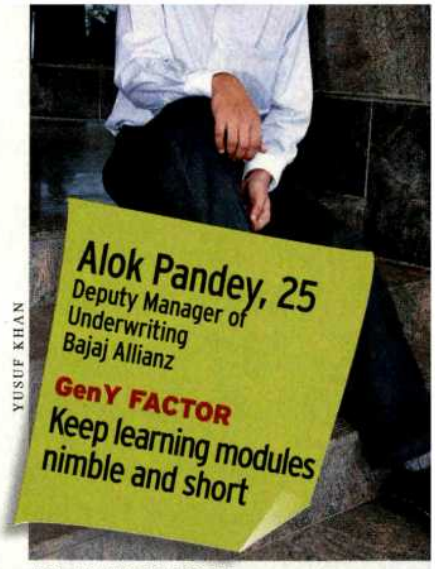
SAUMYA BHATTACHARYA

Harshita Verma, 25
Associate Manager - Corporate Brand and Relations
Apollo Tyres

GenY FACTOR
Make me understand your expectations clearly

New initiatives include mentors at the plant, and evaluation every three months

SHEKHAR GHOSH



YUSUF KHAN

BAJAJ ALLIANZ

Two-minute Learnings

Human Resource experts these days often tell you horror stories of attrition at insurance companies — some practically replace the entire frontline workforce every year. But Bajaj Allianz's Deputy Manager of Underwriting Alok Pandey is an outlier — he has spent three years at the insurer.

Bajaj Allianz may have an answer to the rising attrition in corporate India: two-minute training modules for its people instead of instructor-led training or online sessions. On tap are modules in customer segmentation, time management and the like.

GenYers "want immediate results," says Roopa Kochhar, Head of HR, adding smugly that the attrition rate among her 3,700-strong staff is 22 per cent, far lower than the industry.

SAUMYA BHATTACHARYA

Youngsters are lapping up two-minute learning modules

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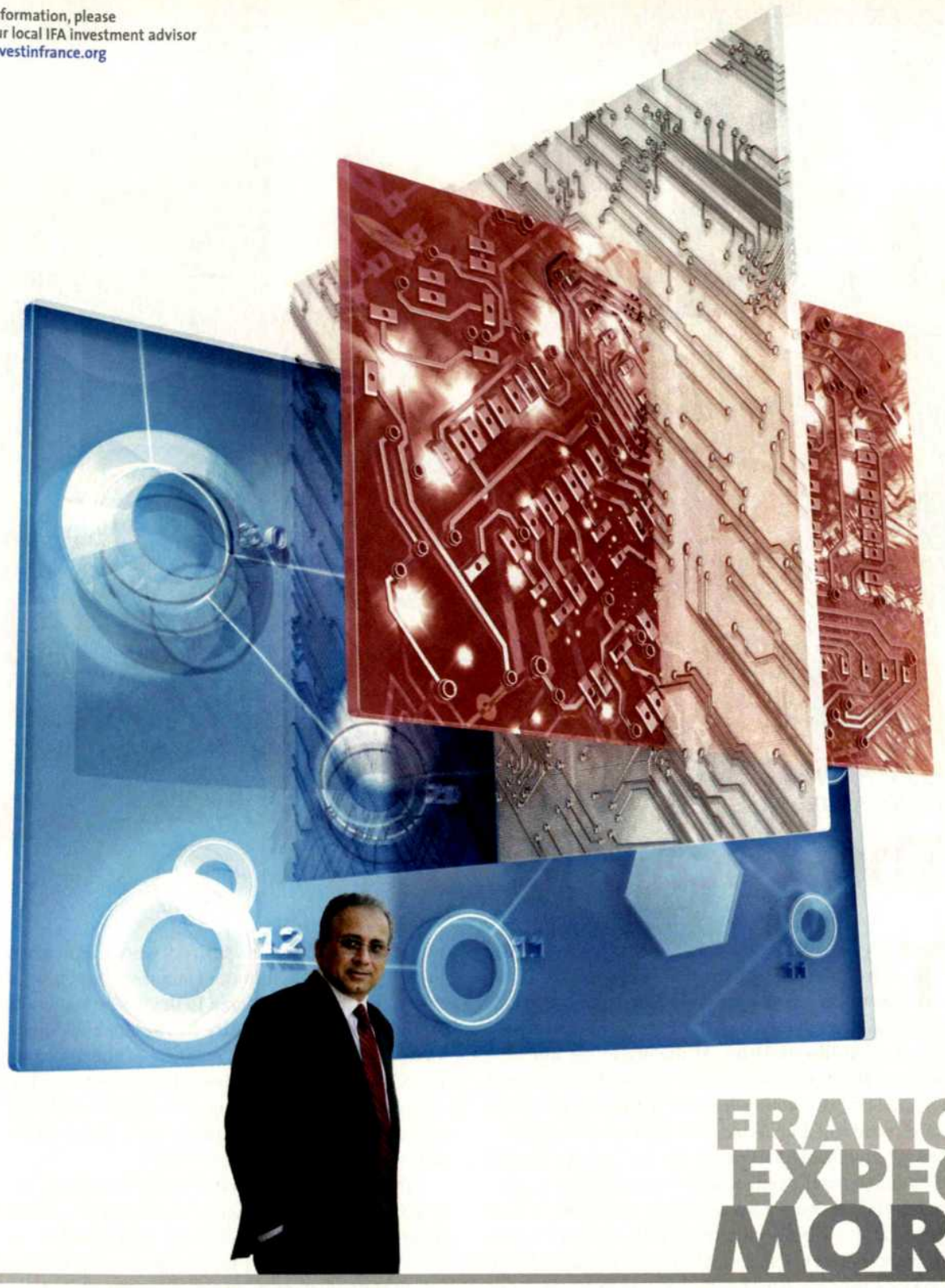

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Suresh Vaswani, It CEO - IT Business and Member of the Board, Wipro Ltd

Teena Sidana, 23
Atul Bansal, 24
Management Trainees

GenY FACTOR
Simply want to innovate

VIVAN MEHRA

BHARTI AIRTEL

Theatrical Inc.

They are so melodramatic. Subtle is not a word you could associate with this generation." Those words, of a manager somewhere, and echoed time and again through India Inc., have literally been taken at face value at Bharti Airtel. At the bright red and blue Gurgaon head office of India's biggest mobile phone services firm, two youngsters are stirring up the established process of India's top telecom service provider — through drama. Meet Teena Sidana, 23, and Atul Bansal, 24, management trainees with the company's mobile commerce, or m-commerce, team. Their boss, Sriram Jagannathan, CEO, mCommerce, wanted to present the new offering to senior executives — Atul Bindal, President, Mobile Services, Krish Shankar, Director, HR, among others — and wanted it to be different from a normal PowerPoint affair.

Sidana, Bansal and a third colleague, who has since moved location, came up with a skit written around a week in a customer's life using m-commerce. Eyebrows were raised, but they were backed to the hilt by Jagannathan. Bansal wrote the script and the cast included managers, the vice president and general manager of the m-commerce team. To cut a long story short, the skit, performed before company leaders at a club near the Bharti headquarters, was a big success. "We have never done a skit in our life; we only wanted to innovate," says Sidana.

The innovation obviously did well. The concept of skits will be used for training frontline Bharti staff "to give them faster growth and faster learning", says Shankar, the HR head. Shorter learning modules spread over six months and the introduction of "reverse mentoring" pairing high performers with top executives are becoming established practices at Bharti.

SAUMYA BHATTACHARYA

Following the success of a skit presentation by trainees, it will now be used for training frontline staff

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Gung-ho on Life

Employee #26 at DLF Pramerica moved to the insurer in 2008 from advertising when his boss at O&M quit. "I always wanted to get into brand management. Here I could do that and set up the brand," says Kanwardeep Singh, Assistant Manager, Marketing, at the Gurgaon firm, adding that what you do at a start-up becomes part of the DNA at the organisation as it grows.

Singh, like many of his peers, has his life figured out at 25. He wants to do an MBA and thinks "2012 is when it will happen and the ground work will start next year". In his sight are Indian School of Business, Hyderabad, MDI, Gurgaon and Institute of Management Technology, Ghaziabad. "B-school is the most important piece of the jigsaw. It catapults you to a level equivalent to a four-year leap."

The impatience to get on with life shows up in a conversation with him. For one, IT policies of his company drive him up the wall. "Structured processes get on my nerves," he says. "Of course, there is sensitive data and you can have restricted access to Internet, but not allowing social media to marketing guys like me when that is the future of marketing?"

His irritation is being noticed. DLF Pramerica needs to "put employees like Kanwardeep in creative environments and not under layers of processes. It's radical and it's not easy, but it's doable", says CEO Kapil Mehta. Already, the company that has 908 people today is at work. It has open office seating, organises monthly townhalls in the head office and branch offices, and it keeps work hours flexible. "We believe that more than observing work patterns, it is important to evaluate output," says Mehta.

The flexibility to indulge the hobbies of workers such as Singh — making short movies — works, too. Even so, Singh is clear where his loyalty lies at this stage in his career: a workplace that serves his learning needs. If the learning opportunity is huge and the salary gap not too much, he says, he will move to a job even at a lower salary. "He has absolutely legitimate expectations. The battle is in our minds," says Mehta, speaking for a large part of corporate India.

SAUMYA BHATTACHARYA

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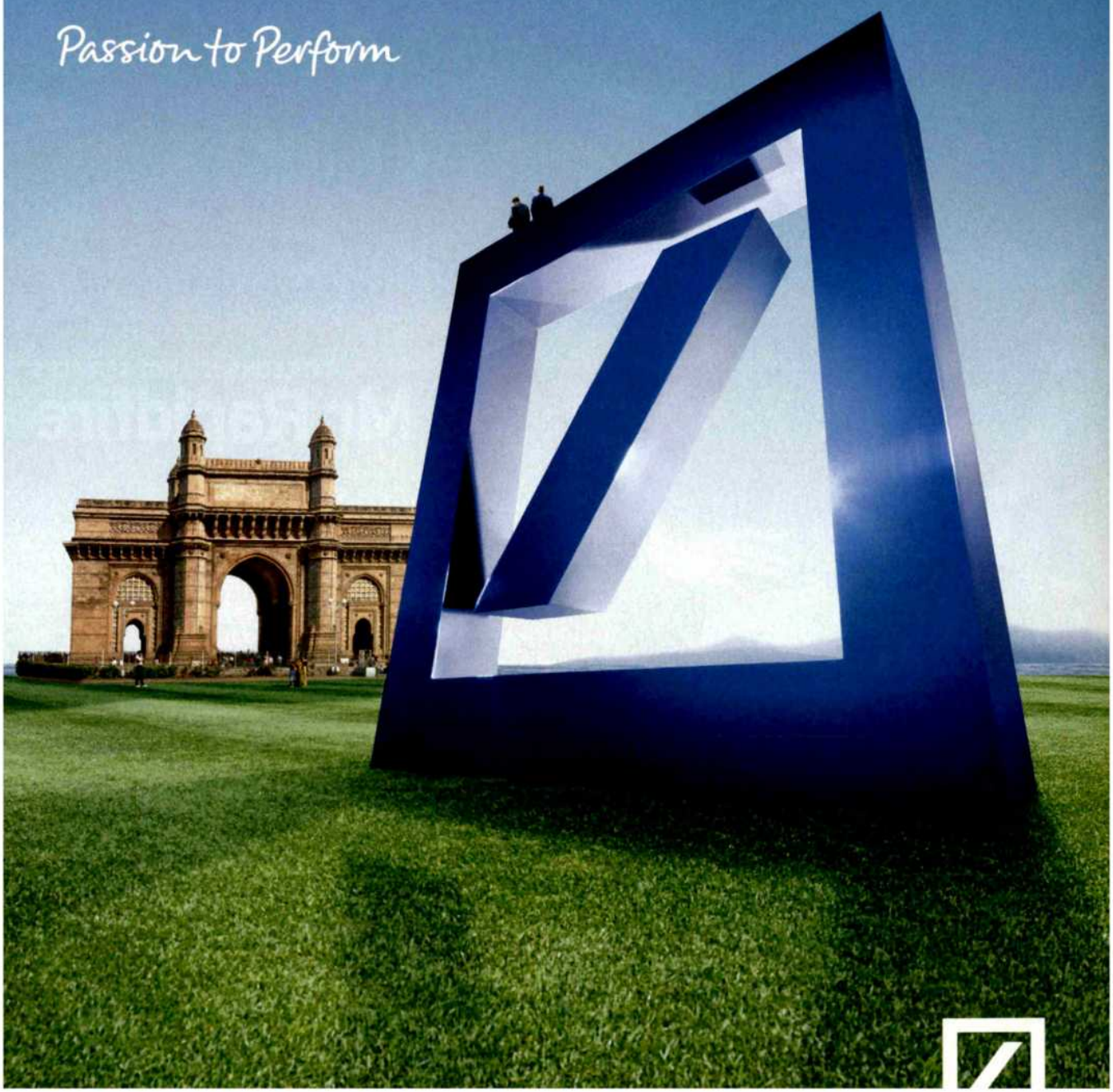
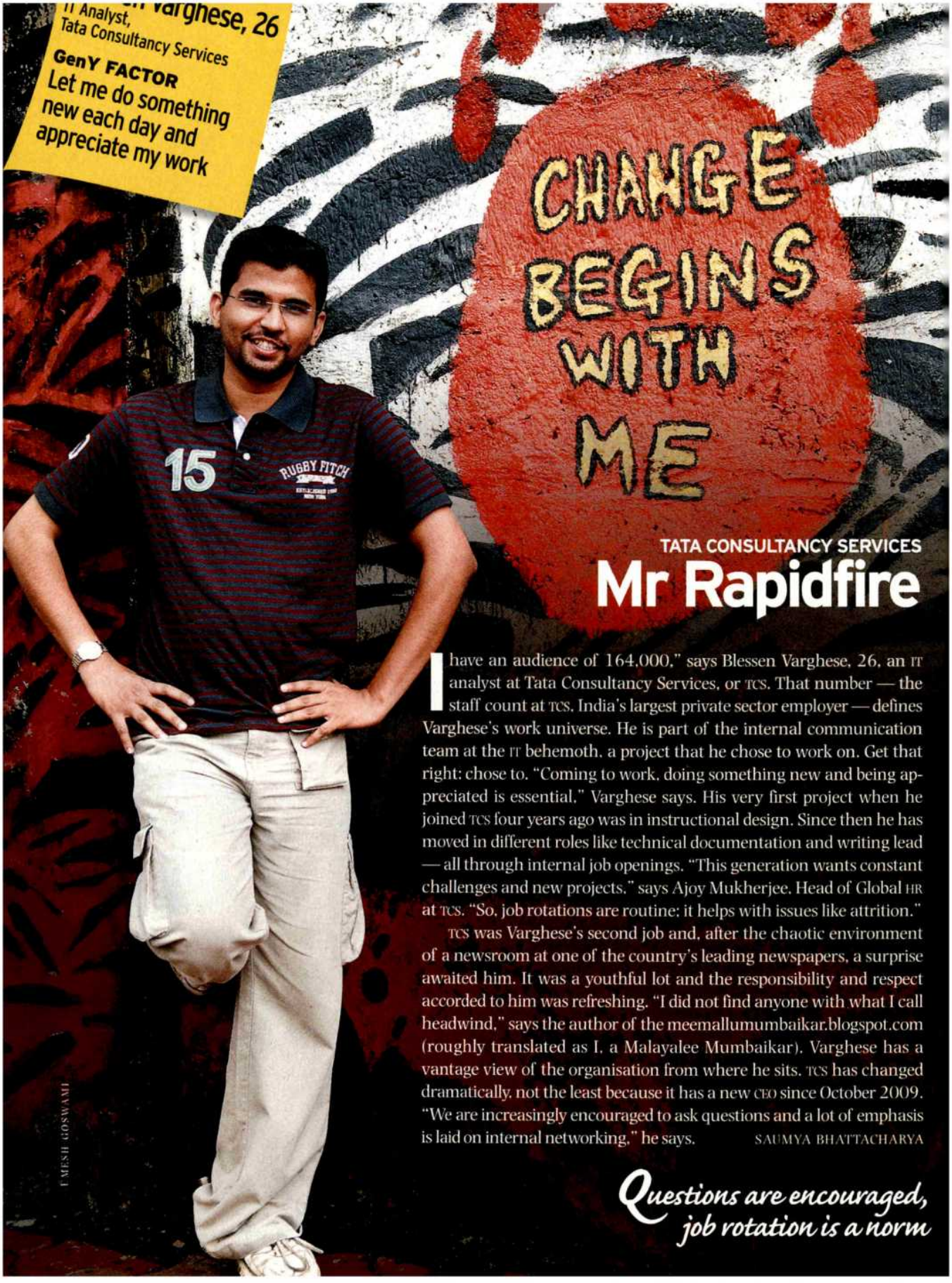
Passion to Perform





TATA CONSULTANCY SERVICES

Mr Rapidfire

I have an audience of 164,000," says Blessen Varghese, 26, an IT analyst at Tata Consultancy Services, or TCS. That number — the staff count at TCS, India's largest private sector employer — defines Varghese's work universe. He is part of the internal communication team at the IT behemoth, a project that he chose to work on. Get that right: chose to. "Coming to work, doing something new and being appreciated is essential," Varghese says. His very first project when he joined TCS four years ago was in instructional design. Since then he has moved in different roles like technical documentation and writing lead — all through internal job openings. "This generation wants constant challenges and new projects," says Ajoy Mukherjee, Head of Global HR at TCS. "So, job rotations are routine; it helps with issues like attrition."

TCS was Varghese's second job and, after the chaotic environment of a newsroom at one of the country's leading newspapers, a surprise awaited him. It was a youthful lot and the responsibility and respect accorded to him was refreshing. "I did not find anyone with what I call headwind," says the author of the meemallumumbaikar.blogspot.com (roughly translated as I, a Malayalee Mumbaikar). Varghese has a vantage view of the organisation from where he sits. TCS has changed dramatically, not the least because it has a new CEO since October 2009. "We are increasingly encouraged to ask questions and a lot of emphasis is laid on internal networking," he says.

SAUMYA BHATTACHARYA

Questions are encouraged, job rotation is a norm

UMESH GOSWAMI

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DEEPAK G. PAWAR

INFOSYS TECHNOLOGIES

Green Warrior

The 65-year-old New Era School in Panchgani, a hill station in Maharashtra, hit the billboard with *Taare Zameen Par*, a movie built around a dyslexic child's troubles. For Hitesh Sharma, this was where he fell in love with nature long years ago. He had his first tryst with gardening and environment at the school — which he attended from the age of four — nestled in the Western Ghats.

But it wasn't until much later in life that Sharma found an outlet for his green interest. At Infosys Technologies far away in Bangalore. After spending two and a half years working on a software project for telecom gear-maker Nortel, Sharma had his calling. Rather than spend years just as a coder, he decided to follow his heart and join a fledgling sustainability team at Infosys.

The first person he approached was Rama N.S., the head of Infosys in Bangalore. "Infosys management is very supportive of these career track changes if you can provide them a working proof-of-concept of your plan," says Sharma, now 28. Infosys's contribution is valuable — it chooses to mentor with inputs from top managers, rather than just support the plan with cash, he says.

So, in 2007, he became one of the earliest members of a special interest group or club called Green Connect. From just three members then, the forum today has some 700-plus members and Sharma has even attended the Climate Summit at Copenhagen as its representative.

Infosys allowed Sharma time during work hours to read up and experiment with biogas generators, study installations that failed and lean on in-house tech talent to make tweaks. Three months ago, a team he was part of installed two automated biogas plants fired by food waste in Bangalore and Mysore.

Employees like Sharma "want meaning in their work and they want to be part of decisions that affect them", says Infosys HR Head Nandita Gurjar. Seventeen people are working on community empathy projects similar to Sharma's. All without leaving Infosys.

RAHUL SACHITANAND

Youngsters are allowed to spend time during working hours on pet projects

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Fine Art of Controlled Innovation

At IBM India, the biggest foreign-owned employer in India, HR mavens are busy looking for ways to foster better cross-generational understanding. Not just between those in their 40s and GenYers. The plan is much more granular: train thirtysomethings on how to deal with hires in their early twenties.

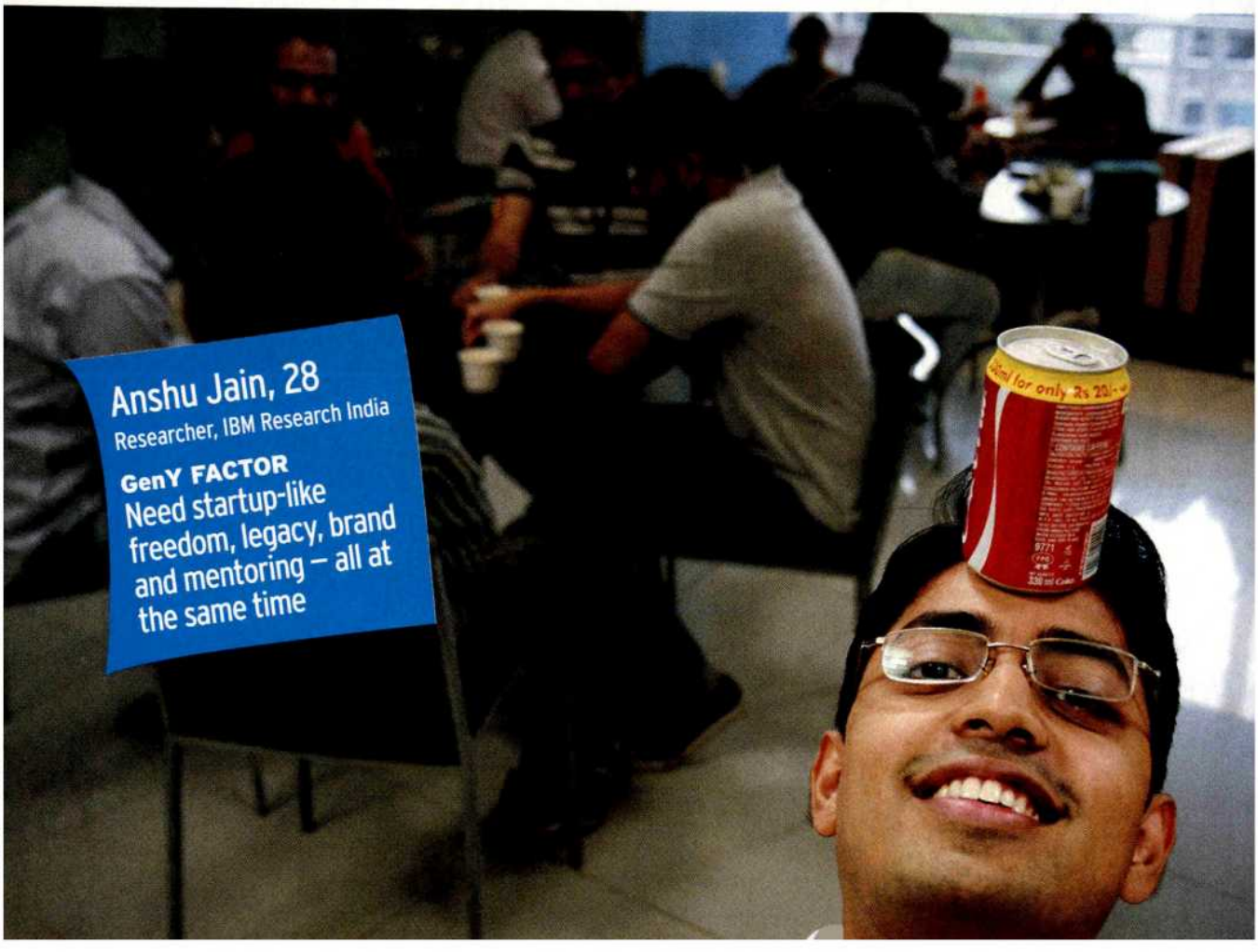
"Our twentysomethings are passing through a world of globalisation. They are aspirational, tech-savvy and expect a lot from life. Engaging these youngsters is high priority for us," says Chandrasekhar Sripada, Vice President and Head, HR, IBM India and South Asia. Talent experts like Sripada also have a bone to pick with connecting high attrition to youngsters. "It's about opportunity," he says, with a hint of exasperation.

Not that IBM itself is taking that as a *fait accompli*. A slew of platforms are ready to meet the aspirations of its twentysomething employees. Flexibility, social networks, blogs, idea-sharing and work-life balance are practices that have been established at IBM in recent years.

Such efforts have professionals such as Anshu Jain, one of the youngest researchers in the IBM Research Labs at Bangalore, sticking on for four years. "It's the freedom and legacy and the chance to work with some of the best brains" that has made him stay put. Peel the onion a bit and the HR tightrope becomes clear. "I should be told what I am expected to do, but not how I should do it," Jain stresses. It will be worth watching who gets trained in Sripada's experiment: the twentysomethings or the thirtysomethings.

SAUMYA BHATTACHARYA

Thirtysomethings at IBM India will soon be trained on how to deal with twentysomethings



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Define Expectations for 'Why' Generation

Last month, I was asked to provide career counselling to a client's daughter, a bright and qualified young lady who had dabbled in communications and research and now was considering a career in recruiting. I ran her through my early days in the profession, throwing out anecdotes of the heady days of the 1990s, when the first foreign brokerage set up shop, the Disinvestment Commission, the faxes coming in from American companies setting up shop... when I stopped short. She had no context about what I was saying. She was five years old then. While I gave her some advice on how to navigate her career, I started thinking about what India Inc. needs to do to manage GenY.

First, understand the context. Their expectations from careers, life and the environment are shaped by their teen experiences, which are very different from those of GenX, or the post-Independence experiences based on which the classical workplace is still structured. While these youngsters may have grown up in a relatively more privileged context, they have an appreciation of the world which is very different from GenX. We wrote letters, sent telexes, faxes, e-mails — and now we all fret if the text or the BlackBerry Messenger message is not responded to instantly.

When things don't work in India, we know how much better we have it today, because in the good old days, it took us four months to get a phone line. Our parents witnessed Partition and the Chinese aggression; we saw anti-Sikh riots and the demolition of Babri Masjid. For GenY, their horror stories are the 26/11 attacks and single parent families.

Brought up to ask questions, the "Why Generation" will do so with authority and confidence. Teach them how to do it appropriately in the corporate context. As opposed to the relative command-and-control type of management of yesteryears, there is a greater need for them to understand their role in the organisation and how it all fits in.

Define expectations. Don't assume that they already know the unspoken rules that we take for granted — from work hours, dress codes, use of technology, appropriate communication to timelines for job rotations and development opportunities the organisation can provide.

Instant responses are the norm. An instant messaging style response is expected. They need attention in the form of feedback and guidance. You really don't want to wait for the traditional annual appraisal cycle to give feedback or set development objectives.

Accept technology. Understand the place that technology has in their world, our world, work and play. Ignore online networking at your peril. Do you have a Facebook strategy? Or a LinkedIn strategy? Have you ever reviewed a video resume? Have you heard of KineticGlue?

The concept of loyalty is different today as many employers no longer provide employment for life. GenYers will experiment, reinvent themselves and try different things. Think about how to harness this within the context of the firm. Some firms offer sabbaticals, study subsidies, flexi-time or projects.

Leverage their strengths. Their comfort with technology, their concern for the environment, their global connect, their confidence, their impatience. Godrej Industries has a GenY shadow board that works with its main board.

Eventually, much of the advice that one can give companies for managing GenY reads suspiciously like the advice they received for GenX. Provide challenges, accept change, mentor youngsters, allow flexibility, encourage development, make work fun, and above all, communicate. ⊙

The writer is Chief Executive India & Member - Global Operating Committee, AltoPartners and Accord Group

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Don't Look, We're Changing

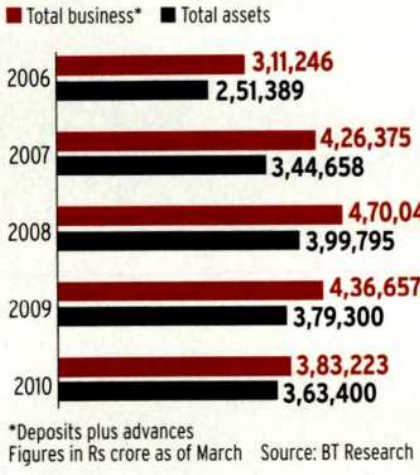
In the post-Kamath era, the ICICI Group has a new game plan for growth and a new team to execute it – but will it miss the old guard? BY ANAND ADHIKARI and RAJIV BHUVA

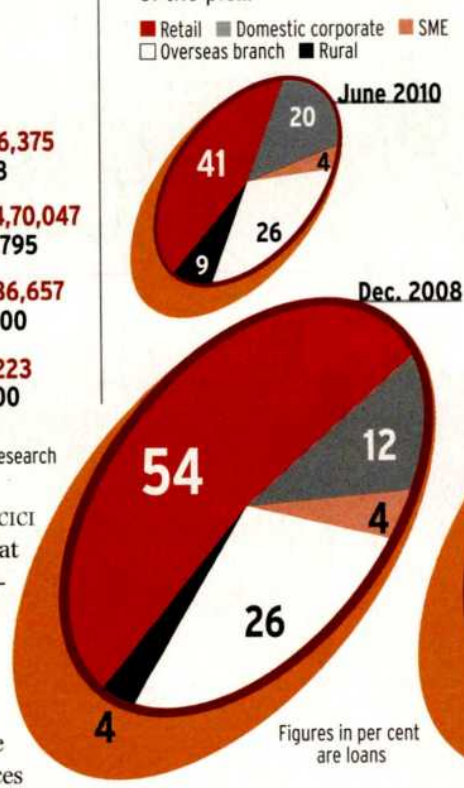
November 27, 2000: At General Electric's Fairfield headquarters in Connecticut in the United States, legendary Chairman Jack Welch announces that Jeffrey Immelt will take his place. This ends one of the longest succession planning exercises in history — it had started in 1994. On September 7, 2001, Immelt, who headed the medical imaging division, walks into the conglomerate's corner room. Four days later, terrorists crash planes into the Pentagon and the twin towers of the World Trade Center. The US economy, which is attempting to recover from the recent tech-wreck, slumps, and takes GE along with it. Immelt's baptism by fire has just begun. In less than 90 days after GE gets its new CEO, the two others in the succession race, James McNerney and Robert Nardelli, move on. McNerney, who headed GE's aircraft division, joins technology giant 3M as its CEO. Nardelli, who was known as 'Little Jack' after his mentor, goes on to head home improvement retail chain Home Depot. Immelt goes about the task of putting GE on the road to recovery and back to the glory days of Welch, during which growth was in robust double digits and the stock price zoomed.

"Today, the ICICI Group has become a talent farm for the industry. We have created a lot of talent in the past five years, and in that sense we are not different from a GE or a Citi or a Hindustan Unilever or a Goldman Sachs"
Chanda Kochhar
MD & CEO, ICICI Bank
RACHIT GOSWAMI/www.indiatodayimages.

December 19, 2008: At ICICI Bank's headquarters in Mumbai's Bandra-Kurla commercial district, CEO K.V. Kamath announces that Chanda Kochhar will succeed him at India's largest private sector bank. On May 1, 2009, the former Joint MD picks up the reins against a backdrop of a global recession and a liquidity crisis in the global financial markets. Days before that, Shikha Sharma, considered as one of the candidates to whom Kamath could pass on the baton, calls it a day at ICICI's life insurance subsidiary and moves on to head Axis Bank. Within 14 months of Kochhar taking charge, two other candidates screened for the top job, V. Vaidyanathan and Sonjoy Chatterjee, leave the ICICI Group. It's a new-look top deck at ICICI Bank — which has the challenge of returning the bank to the glory days during Kamath's time when growth rates of 30-35 per cent were par for the course.

How ICICI Bank's Business Model Has Changed





No two succession plans are ever the same, yet the circumstances are not dissimilar. Both successors began their tenure in a challenging environment — after years of gung-ho growth that their predecessors could take credit for. If Immelt had to deal with a stock that just wouldn't move, Kochhar had to fight perceptions that ICICI had a huge exposure in a bankrupt Lehman Brothers (its exposure was actually minimal) even as back home the bank's adventurous moves in unsecured lending were beginning to backfire. And both Immelt and Kochhar suddenly realised that they had to build a new top team, as the wannabe CEOs jumped ship.

In many ways, it's a delightful dilemma for Kochhar to be in. Sure, she will miss the veterans who between them (Sharma, Vaidyanathan and Chatterjee) would have put in 56 years at the ICICI group. But, at a time when the bank has been continually, in Kochhar's words, calibrating its strategy to adjust to the changing economic realities, some fresh faces at the top would not be a bad thing at all.

And again, as Kochhar is quick to point out, the top team may be new but it is by no means raw. Almost everybody in the new team has spent between 15 and 24 years at the ICICI group (see *The New Guard at the Top*). "I would not say it is necessary (to have a new team), but over a period, new jobs and new roles help in the personal growth of a professional. I have myself done many jobs within the group," says Kochhar, who has worked across ICICI's various businesses, right from corporate to retail, from treasury to international.

It's not just those who were on the succession shortlist that have bid adieu to ICICI Bank. What could also hurt the bank are the high-profile honchos who have left — a few were let go, insist ICICI Bank officials. Such departures have taken place across the group since Kochhar assumed charge. For instance, around the time Sharma left for Axis Bank, Renuka Ramnath quit as head of the venture capital arm, ICICI Venture, to branch out on her own. Months later,

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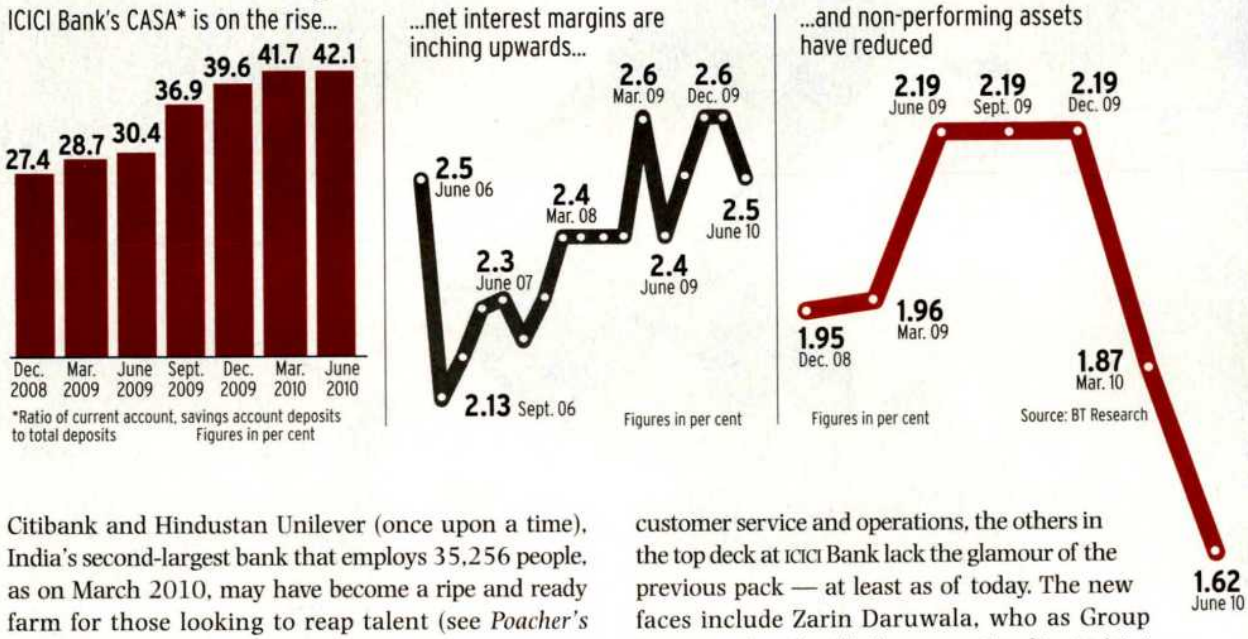
Sudhir Variyar, a senior director at the venture capital firm, joined Ramnath. And in May this year, three more senior executives — a president Jayanta Banerjee and two directors, Anand Vyas and Sunay Mathure — put in their papers to start their own private equity fund. At the time of writing, *BT* learnt that Nachiket Mor, who was also at one time considered a worthy successor to K.V. Kamath, and who has been heading the ICICI Foundation, was on his way out.

Rarely does a company lose half a dozen of its top-notch talent in a little over a year. And when the organisation is the largest private sector bank, it's difficult not to take notice. "An organisation does get impacted if the top talent nurtured by them leaves in a huff," believes E. Balaji, CEO, Ma Foi Management Consultants, a human resources service provider.

Perhaps ICICI Bank has become a victim of its own success in creating a sturdy talent base. And just like Citibank and Hindustan Unilever (once upon a time), India's second-largest bank that employs 35,256 people, as on March 2010, may have become a ripe and ready farm for those looking to reap talent (see *Poacher's Paradise*). "When an organisation grows at 35-40 per cent per annum for 10 years and adds 10 new businesses during that period, young professionals get the kind of exposure they would not have got anywhere else. We have groomed people to build and run businesses like insurance, securities and retail. So if other players are looking to grow who would they pick? The best person would be someone who has already run the business," reckons Kochhar (see interview on page 64).

The Benefits of De-growth



New Faces at the Top

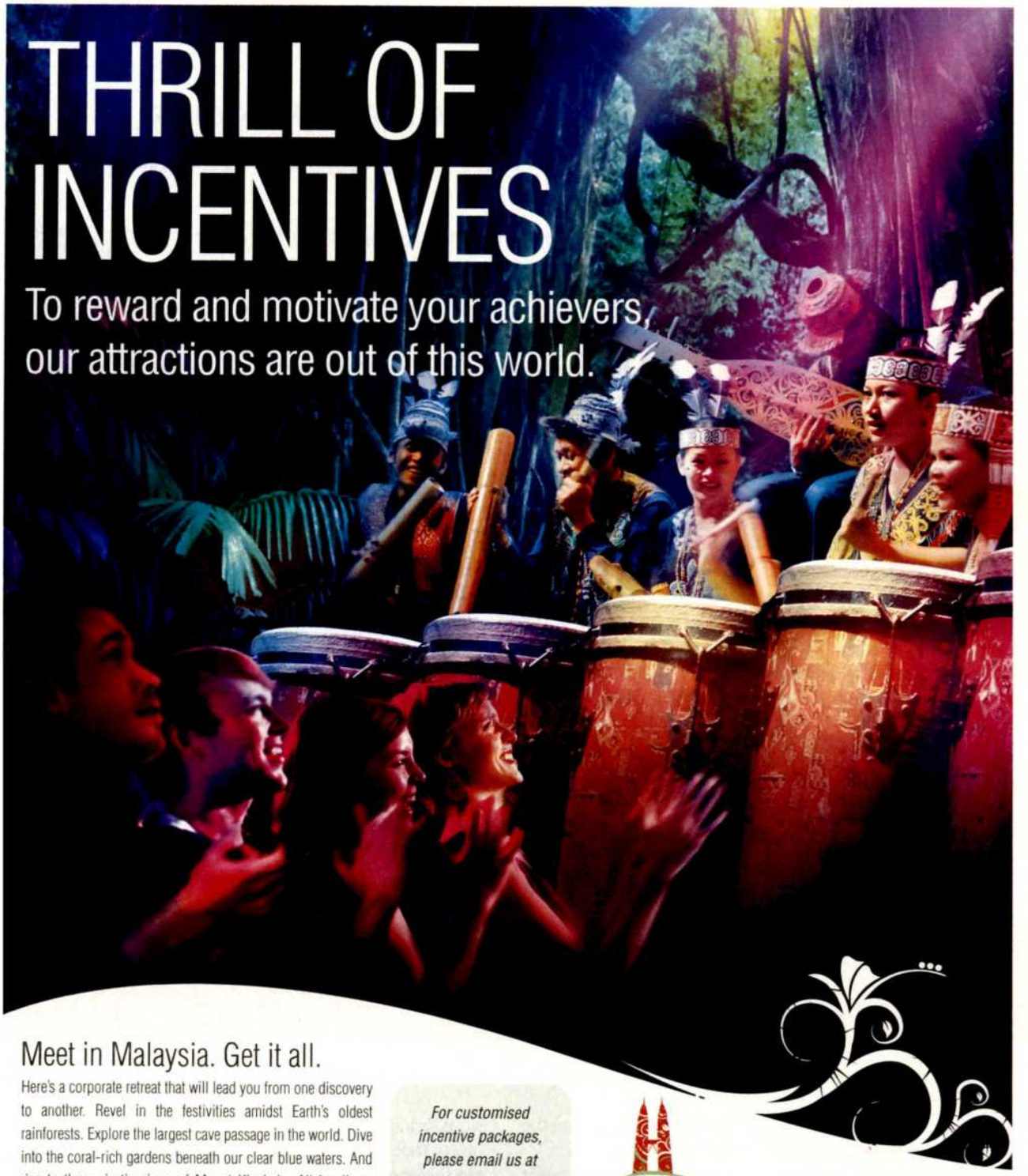
With yesterday's prima donnas no longer occupying the offices on the 10th floor of the corporate headquarters, decision-making in a challenging economic environment becomes easier for Kochhar. "Consolidation does call for some not so pleasant and not so popular decisions," says the CEO who has spent 26 years in ICICI.

Executive Director K. Ramkumar, who has human resources as one of his main functions, is unlike many of the bank's past EDs — he's low-profile, modest and not a poster boy by any yardstick. "None of us is a rock star," he declares. "That makes it easier for us to work together without any ego hassles."

Indeed, there are many who consider the exodus more of a purge. K. Sudarshan, Managing Partner, India, at EMA Partners International, an executive search firm, works closely with ICICI Bank. "It's not the individuals alone that make a difference in large institutions like ICICI. Here, it is the systems and the organisation that has been built that are the key ingredients for success," says Sudarshan.

Like Ramkumar, whose responsibilities also include customer service and operations, the others in the top deck at ICICI Bank lack the glamour of the previous pack — at least as of today. The new faces include Zarin Daruwala, who as Group Executive (one level below executive director) is in charge of wholesale banking. She was in corporate banking earlier, and has spent 21 years at the bank. Kalpesh Kikani, who has been with the bank for 15 years, heads transaction banking. Vijay Chandok, who helped build a strong SME portfolio for the bank, has been given the mandate of heading international banking. And Anita Pai, a former ED at ICICI Prudential, has been roped in to assist Ramkumar with customer service — an area where the bank has a lot of work to do.

"There is a generational change in leadership and we are seeing the emergence of new leaders," says EMA's Sudarshan. Adds Akhil Jindal, a director at the Welspun group, which has taken a term loan and a working capital



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EXCERPTS FROM AN INTERVIEW WITH ICICI BANK MD & CEO CHANDA KOCHHAR

"Consolidation Calls For Not So Popular Decisions"

On ICICI Bank's evolving strategy:

The change in the economic environment prompted us to calibrate our strategy accordingly. That calibration itself had two phases. The first phase of consolidation is over and the next phase is of consolidation as well as growth. We have a five-year vision to grow along with India's economic growth. That will also give us the momentum to become, maybe, one of the top 20 banks in the world over a five-year period. Credit growth will now replace capital conservation in our strategy and, as we grow credit, we have to keep in mind customer service.

On a new team for a new strategy:

I don't think it (a new strategy) calls for a new team. Besides, the team is not really new, as almost everybody in it has spent between 15 and 24 years in the ICICI Group. But at the same time in the last one to two years what we have done is another round of changes after almost a decade by putting people in new functions. I would not say it is necessary, but people doing different jobs over a period helps their personal growth.

On the exit of top-level professionals:

It's natural when an organisation grows at 35-40 per cent per annum for 10 years and also adds 10 new businesses in that period. What we did is pick young professionals and give them an exposure they would not have got anywhere else. We have people who have built and run businesses like insurance, retail lending and securities, to name just three. Today, when other players want to grow to our size, obviously they will look at our people — the best people would be those who have already run such businesses. Today, the ICICI Group has become a talent farm for the industry.

On whether she is a growth manager or a consolidator:

I don't mind being called a consolidator. In the last five quarters, I have focused only on consolidation. It was necessary. Believe me, it was not easy. It requires a lot of work — and one has to make not so pleasant and not so popular decisions.

UMESH GOSWAMI

loan from ICICI Bank: "The changes will help in serving the customer better and in expanding the business."

Kochhar has also done well to attract some of the talent that left the group. The biggest catch here is Rajiv Sabharwal, who had quit ICICI as a senior general manager in the mortgages division in December 2008 to join Sequoia Capital. He's back with a bang as an ED in charge of retail banking, rural banking and SME and mid-corporate business — all key strategic growth areas for the bank. That probably makes him the second-most powerful professional at ICICI Bank, after Kochhar.

When Kochhar talks about making unpleasant decisions, bringing back Sabharwal would surely have been one of them. For, as one bank insider puts it: "That was a big turning point as it shattered many egos within the bank." Sandeep Bakhshi, the Deputy Managing Director handling retail, had to give up his portfolio to accommodate Sabharwal. Bakhshi went on to handle corporate banking, which has been Kochhar's area of focus in the consolidation phase as ICICI seeks to de-risk its portfolio to include transaction banking.

As ICICI Bank made a shift in strategy from growth to consolidation, it had to reshuffle its people accordingly to meet its new goals. For instance, Vaidyanathan was shifted

POACHER'S PARADISE

What do JP Morgan, Nokia, Alstom and Goldman Sachs have in common? They all have former ICICI head honchos in key positions – either heading the Indian operations or on the global boards. Lalita Gupte, a former Joint Managing Director at the bank, is today on the boards of Nokia and Alstom. Kalpana Morparia, another Joint MD when she retired from ICICI Bank, heads JP Morgan's India operations, besides being a member of the New York-headquartered global strategy team and the JP Morgan Asia-Pacific Executive Committee. Sonjoy Chatterjee, a former ED at ICICI Bank, recently joined as MD and Co-CEO of Goldman Sachs' domestic franchise.

That gives you a flavour of the "talent farm" – as MD and CEO Chanda Kochhar puts it – that ICICI Bank has created over the years, not unlike a Citibank or a Hindustan Unilever. "We have created plenty of topnotch talent in the past five years, which has built and run businesses. Those looking to grow in such businesses will be eyeing our talent farm that exists because of the talent base we have built over the years," says Kochhar.

Indeed, ICICI Bank, with its myriad businesses that range from corporate to retail banking and from SME to rural and international, offers tremendous opportunities for growth. And then there are the subsidiaries – investment banking, insurance (life and general) and venture capital. To be sure, a number of professionals – including Kochhar herself – have got opportunities to head multiple businesses over the years. For instance, a project finance professional like Shikha Sharma was deputed to set up the life insurance subsidiary. Under Kochhar's leadership, seasoned bankers like Madhabi Puri Buch, Vishakha Mulye and Bhargav Dasgupta have been deputed to head the non-banking subsidiaries – ICICI Securities, ICICI Venture and ICICI Lombard, respectively. "It's like a military exercise," says K. Ramkumar, Executive Director.

"Nobody says no when they are given an assignment that is away from their comfort zone." The worry for Kochhar, however, is the increasing number of senior professionals who are saying yes to apparently greener pastures.

from the bank, where he headed retail, to the life insurance subsidiary; and Sandeep Bakhshi was pulled out of the general insurance arm to manage the retail portfolio (before Sabharwal was drafted in). "Sandeep is a consolidator and Vaidyanathan a growth manager," explains Ramkumar. In the post-credit crisis period retail did not require a flamboyant sales guy, he adds.

Clearly, at ICICI, strategy is not a slave to structure. "What is more important is whether the bank is able to find a replacement within 12 hours of an exit," says Ramkumar. The talent pool is indeed deep — deep enough for ICICI to pitchfork some of its dyed-in-the-wool — and still young — bankers into the non-banking businesses. For instance, Madhabi Puri Buch, a former ED at the bank, heads the securities business, ICICI Securities; Vishakha Mulye, the bank's Chief Financial Officer till October 2007, heads ICICI Venture; and Bhargav Dasgupta, head of ICICI Lombard, the non-life insurance subsidiary, began life in ICICI in 1992 in the projects and corporate finance division. He has also had a stint at the life insurance subsidiary as ED in charge of sales, distribution, product development and marketing.

Since Kochhar took over, her thrust on consolidation meant that ICICI focused on four Cs: a higher CASA (current account, savings account) ratio, which is a function of getting lower-cost deposits; cost control; improved credit quality; and capital conservation. ICICI has made progress in improving on many of these parameters, and Kochhar now feels the stage is set for the bank to once again get into growth mode. "We are moving from four Cs to five Cs. Credit growth will replace capital conservation. And as we grow credit we have to keep in mind customer service — which will be the 5th C," says the CEO.

N.S. Kannan, the CFO, feels that ICICI is ready to hit double-digit growth. In the current financial year he expects the domestic loan book to grow by 20 per cent, and the international loan book to grow in single digits. He acknowledges that growth won't be as much as in the Kamath era, but a 15-17 per cent growth of the total loan book is doable. Growth is indeed a priority for ICICI, what with the state-owned Punjab National Bank (PNB) claiming it is the country's second-largest bank in terms of total business (ICICI is the second largest in terms of total assets, see *The Kamath ICICI Bank Has to Watch Out For, BT, June 13*). The recent merger with Bank of Rajasthan may have been done precisely with that in mind. With BoR in the bag, ICICI Bank's total business will increase by Rs 23,000 crore, taking it comfortably over Rs 4 lakh crore. Its branch network will also increase by 25 per cent to 2,500.

As ICICI cautiously gets back to the growth path, it will need a healthy mix of "consolidators" and "growth managers" as it begins to venture out and increase the pace, particularly in retail. That's where analysts feel the experience and aggression of the likes of Vaidyanathan will be sorely missed. But, as Ramkumar points out, that's exactly why Sabharwal has been brought in. In the new dispensation, nobody is irreplaceable — not yet, at least.

THE NEW GUARD AT THE TOP

Rajiv Sabharwal
Executive Director, Retail, Rural, SME and Mid-Corporate
This IIM Lucknow alumnus is back with a bang to manage *the* key portfolios at the bank. His re-entry has bruised many egos

N.S. Kannan
Executive Director & CFO
This IIM Bangalore number cruncher takes over Kochhar's portfolio. He was CFO in 2003, too

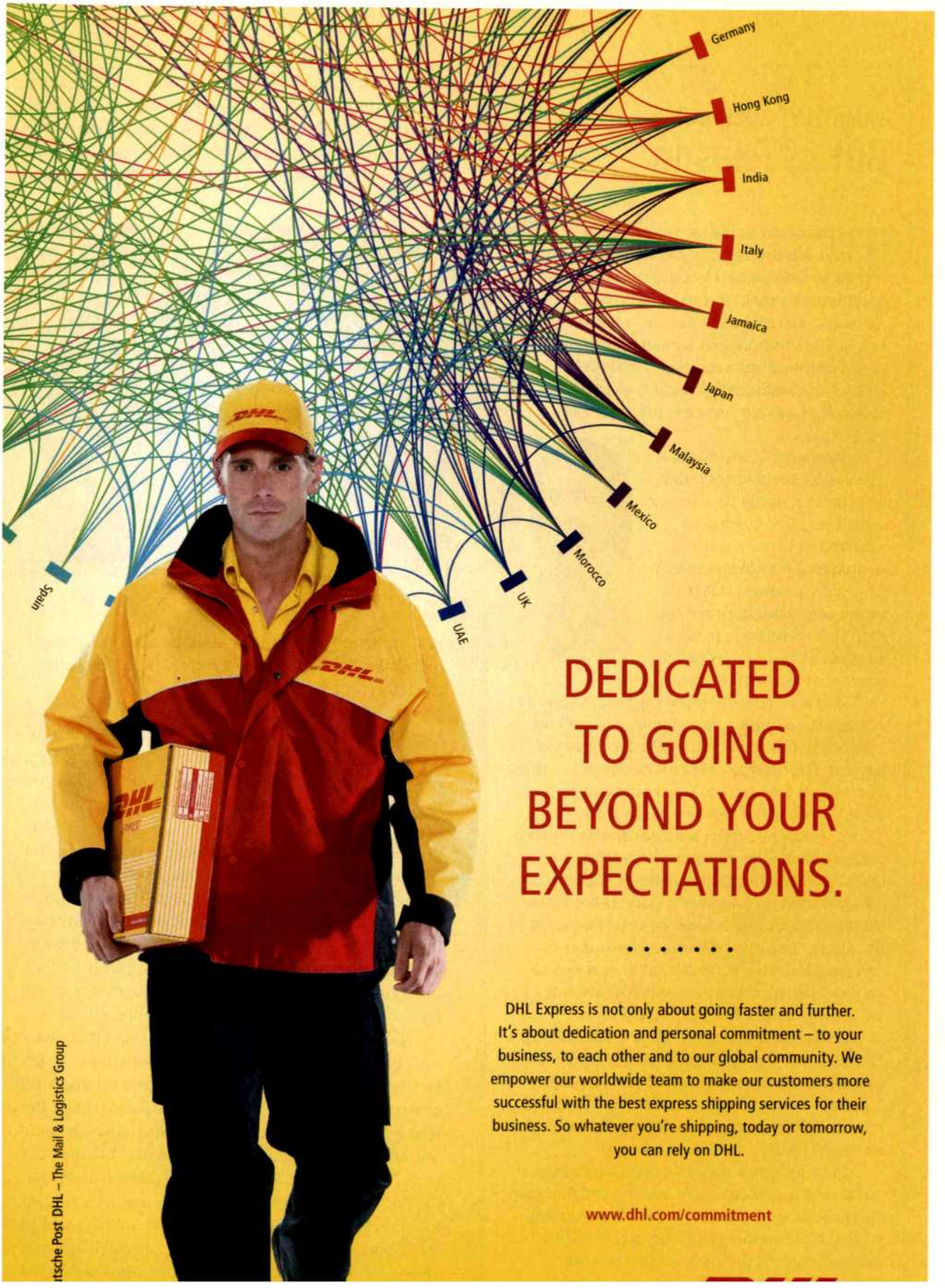
K. Ramkumar
Executive Director, HR, Operations and Customer Service
He retains his portfolio amidst the flux. This ex-HLL man is the team's senior-most member

Zarin Daruwala
Group Executive, Wholesale Banking
Another rising woman professional at the bank. She will drive corporate banking, reporting directly to the CEO

Vijay Chandok, Group Executive, International Banking
Fresh at the top, he helped build the bank's SME portfolio. Faces a tough international assignment

Towards Service-led Growth

At ICICI Bank's headquarters, retail isn't talked about with the same passion and optimism as it was in the pre-2008 days. Still, as economic conditions improve, and both investment and consumption-led growth rev up, Kochhar would like both corporate and retail to be her



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KAMATH VS KOCHHAR
Gut vs Reason

Tell Chanda Kochhar that she's perceived to be a very hands-on leader, as against her predecessor K.V. Kamath's penchant for delegation, and she's quick to make her point. "That may seem the case if you compare my first year with Kamath's last," she says, with her trademark smile. She goes to explain that Kamath would have been a completely involved CEO when he was transitioning ICICI from a development financial institution into a growth-oriented retail bank 8-10 years ago.

In many ways, Kochhar is today at a point where Kamath was early on in the decade. Both had to make strategic shifts. If going for growth became Kamath's priority, consolidation has pretty much been Kochhar's agenda for the past 15-odd months as ICICI Bank got caught up in the global credit crisis. And it's been a challenging period, with growth taking a backseat and capital conservation becoming the buzzword.

"Some would believe that managing growth is easier than managing consolidation, but the latter requires lot of work – and one has to make not so pleasant and not so popular decisions. (But) it is important for a leader to keep calibrating the strategy in line with the external environment," explains the 48-year-old head of India's second-largest bank.

Yet, if you leave strategy and the external environment aside, and focus on the management styles of the two individuals, they couldn't be more different. "Kamath uses gut a lot," points out K. Ramkumar, Executive Director at ICICI Bank. And his style of mentoring was of the swim or sink variety. "He always believed in empowering young professionals with big responsibilities," believes Kalpana Morparia, who retired from the bank in 2007 as a joint MD, and who now heads JP Morgan's India operations.

His successor likes to get her hands into the nitty-gritty. "She is a person who will weigh everything," says a senior professional who has worked with Kochhar in the past. "She doesn't mind saying: 'Let's go over it one more time'," he adds. A mid-level manager who worked with the bank is more blunt. "She is a control freak," he says.

Kamath has earned himself the sobriquet of a visionary – a man who saw tomorrow's big picture. Kochhar's journey has just begun. As she prepares to deal with the challenge of taking ICICI Bank back to the heady days of robust double-digit growth, the results will determine how similar – or how different – she is from her predecessor.

twin growth engines. However, if retail growth has to kick in without an accompanying deterioration in asset quality and profitability, ICICI has to get its customer service right. Ramkumar declares that the next phase of growth will not be acquisition-led but service-led. "In the next three to five years, we shall be a service icon of India. We want to get rid of the growth-hungry aggressive image," he adds.

ICICI has a long line of dissatisfied customers. These range from account holders who found large sums of money withdrawn without their consent to customers who have been declared credit card defaulters even though they don't own any plastic. Arun Saxena, President of the International Consumer Rights Protection Council, narrates an incident where the credit card was issued to a dead person. "ICICI Bank has the worst grievance handling system," he says. The situation in corporate banking was not much different as many customers felt cheated by the bank, especially those who were lured into buying exotic forex derivatives. "We have done an out-of-court settlement as there was no point dragging the issue," says the CEO of a mid-sized company.

Kochhar is conscious of this lacuna, and that's why she's brought in Anita Pai to act as a pivot around which service integration will happen. Growth on the back of a contented customer base is imperative for ICICI to hit the next level. "That would give us the momentum to become one of the top 20 banks in the world over the next five years," says Kochhar. The consolidator is keen to slip into the fast lane of the growth leader. A year after Immelt took over from Welch at GE, he is reported to have said: "I am a different generation from Jack ...I have a different view of the world." Kochhar would love to be in a position to say something similar. ⊙

d here: Imperial Chant collection with Sofa fabric: Swan, Main curtain: Eclipse, Sheer curtain: Nelson

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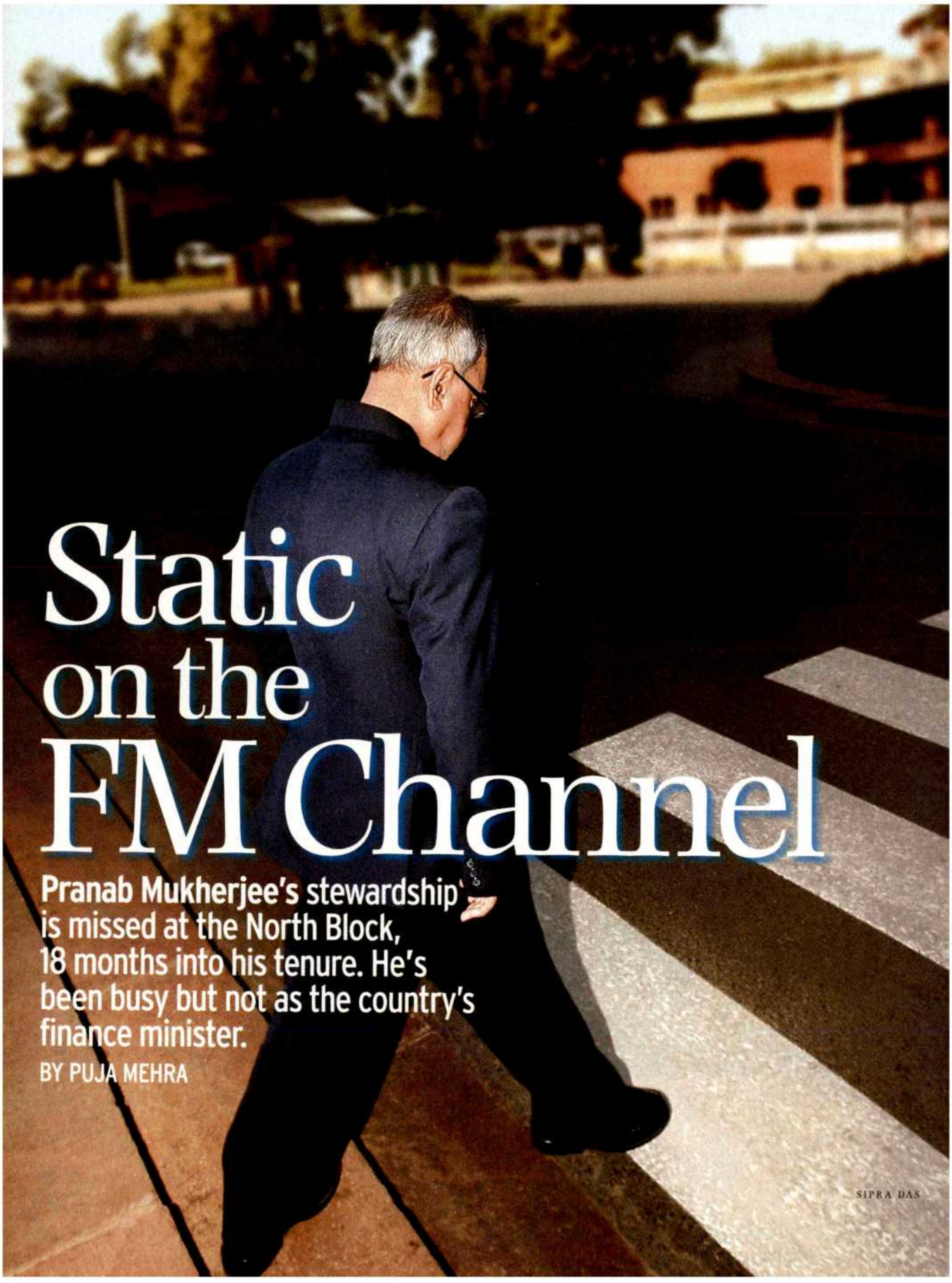


Static on the FM Channel

Pranab Mukherjee's stewardship is missed at the North Block, 18 months into his tenure. He's been busy but not as the country's finance minister.

BY PUJA MEHRA

SIPRA DAS

MR FIXIT SLIPS, BLIPS AND TRIPS

Be it out-of-control inflation or botched-up tax reforms, Pranab Mukherjee's floundering in the finance ministry has few sympathisers.

After the markets closed for trading on April 27 in 2006, stockmarket watchdog Securities and Exchange Board of India banned some 100 brokers, financiers and depository participants from trading. It ranked among the harshest such regulatory decisions and stunned the market.

The next morning a Congress politician (now a Cabinet minister) called on the then Finance Minister P. Chidambaram and wanted the decision of the Sebi, as the markets regulator is called in short, reversed. Sebi's interim order, argued the visitor, was on unlawful grounds and the finance minister should have it reversed.

It was clear that the politician was batting for one particular firm but Chidambaram agreed with his guest. Still, his response was distanced: "If I appear (as a lawyer) against this flawed order, it will take me exactly one minute to have it dismissed," he said. "But I can't help you as the finance minister is not an appellate (court of appeal) to Sebi." Later that day, in Mumbai, Sebi overturned the ban against the firm after its owners supplied it with the relevant facts.

That April Friday decision in North Block, home to the Union Ministry of Finance (MoF) in New Delhi, to keep off a regulator's turf even when it had clearly erred drove home the message of regulatory independence in a maturing, markets-oriented India. Chidambaram, in his six years as finance minister in two ruling regimes, was determined to emphasise the Chinese Wall between government and regulators. Regulatory officials calling on him were always seated on the couch in his room, not at his table, for instance.

Finance Minister Pranab Mukherjee, it seems, is setting the clock back. Early this August, he proposed a committee for resolving disputes between the various financial regulators, making himself its chairman and the Governor of the Reserve Bank of India, or RBI, the vice-chairman. The intent, Mukherjee told Parliament, was purely to intervene in inter-regulator disputes such as the turf battle between Sebi and the Insurance Regulatory and Development Authority (IRDA) over unit-linked insurance plans, investment products that have both an equity investing and life insurance elements embedded in them.

But the way the "super-regulator" committee has been structured compromises the independence of RBI, an institution that is answerable to Parliament. For the first time in a formal structure, the finance minister would sit on a panel with the RBI Governor as, in a sense, his deputy. "It's a double jeopardy if the finance minister himself wants to sit in judgment over regulators as he is the ultimate authority in the MoF," says Yashwant Sinha, who held the finance portfolio in the National Democratic Alliance coalition government.

"There has been a tradition of little interference by the government in RBI's independence except in making appointments (such as of its Governor)," says Kirit Parikh, who has been a member of the economic advisory council of five prime ministers preceding Manmohan Singh. "There is some point in continuing with this and not upsetting the balance."

The manner in which Mukherjee created this super-regulatory structure has come in for criticism, too. The government promulgated an ordi-

"It is hard to explain the high inflation rates since September 2008, in a year that had record food grain output, on the grounds of shortfall in output"

C. Rangarajan
Chairman, Economic Advisory Council to the Prime Minister

"Some of the changes proposed in the latest draft of the Direct Taxes Code defeat the objectives of simplification and reduced litigation"

Amarjit Chopra
Chairman, Institute of Chartered Accountants of India

"Negotiations with the states could have been handled better but the discussions had been delayed so much that the FM couldn't make them see the GST as a tax reform and they kept looking at it as a power fight"

Satya Poddar
Tax Partner, Ernst & Young, and one of the non-government architects of the GST

"The rays of light seen earlier this year on the fiscal front are dimming"

Rohini Malkani
Economist, Citigroup India

against the move. The senior-most bureaucrat in MoF, Finance Secretary Ashok Chawla, opposed the plan on the grounds that it was not for the ministry to discipline regulators. At a Cabinet meeting, Chidambaram, Home Minister since December 2008, and Deputy Chairman of the Planning Commission Montek Singh Ahluwalia likened the Ordinance to trying to swat a fly with a sledge hammer. Mukherjee, who wasn't available for an interview with *Business Today*, just dug in his heels.

Unusual Waffling

Mukherjee, known for his razor-sharp mind and the aplomb with which he manages relations with the Opposition in Parliament, isn't normally given to recklessness. In fact, the United Progressive Alliance's (UPA) principle troubleshooter is entrusted with enormous responsibilities both inside and outside government. He heads the maximum number — 15 — of groups of ministers (GoMs) on various policy matters and sits on 34 more.

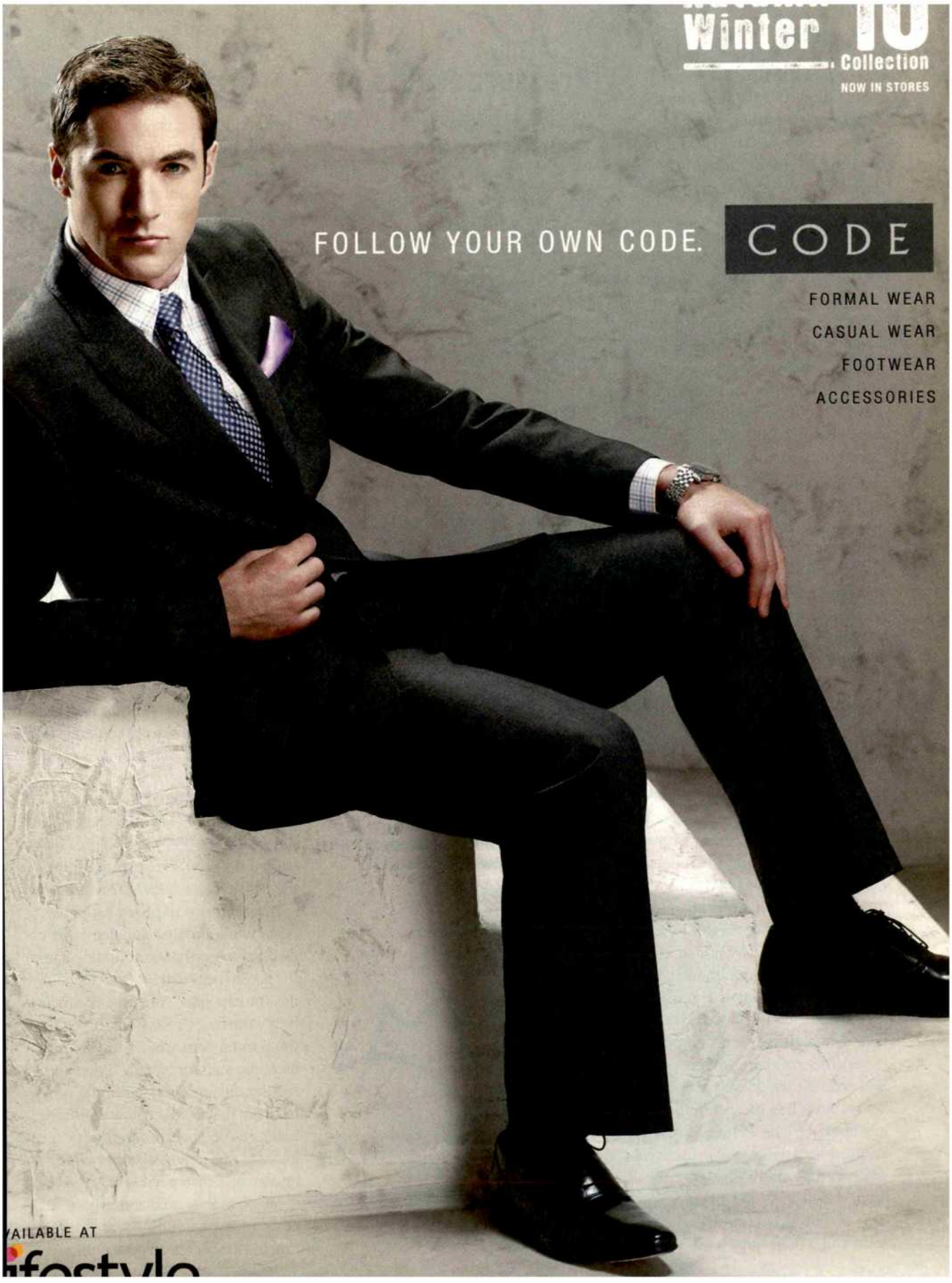
For the Congress Party, he's Mr Fixit for every political situation, be it floor management in Parliament over the Nuclear Liability Bill or the Women's Reservation Bill. He was instrumental in ramming a caste-based census through despite major opposition. The latest feather in his cap was the UPA government's decision to deregulate petrol prices — he headed the empowered GoM tasked with taking that call.

But, in the MoF, considered more high-profile and powerful than the home and defence ministries since the 1991 economic reforms, Mukherjee's hardly delivered the goods in the last 18 months he's run it. Apart from stepping on the toes of on independent India's biggest tax reform. The rollout of the GST (Goods and Services Tax), which he has postponed to April 2011 from an earlier deadline of April 2010, looks set to be delayed yet again. Despite his repeated assurances to Parliament over the past year, inflation, especially in food prices, remains out of control. The unchecked gap between the government's expenses and its revenues is threatening to climb again.

The finance minister, "always seems available to chair GoMs", says Parikh. "It can be easily asked, are the GoMs and the finance ministry getting adequate attention?" At the end of the day, says Sinha, now a member of Parliament representing the Bharatiya Janata Party, "it's the political pressure on Mukherjee that perhaps doesn't leave him with enough time for the MoF — instead of canvassing for the Opposition support on the Nuclear Liability Bill, Mukherjee should have been spending his time in the MoF".

Unlike during Chidambaram's tenure when even junior officials were invited into the finance minister's office for discussions — phone chats, too, were normal — the wait for an audience with Mukherjee can sometimes last a couple of days. "There are no discussions on his (Mukherjee) views on the plan for the MoF for the next few years," says a top bureaucrat of the ministry. "At a senior level what do officials need from FM other than direction?" Several officials disagreed with Chidambaram's agenda, nicknaming him Tax Collector after his obsession with weekly updates on the mop up figures. But, points out the official, what he expected from his team was well-known.

There is a policy vacuum in the MoF under Mukherjee that the economy can ill-afford — indeed, makes it more vulnerable in case of an extraneous event like, say, a worsening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FOLLOW YOUR OWN CODE.
CODE
FORMAL WEAR
CASUAL WEAR
FOOTWEAR
ACCESSORIES
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Eurozone crisis or a double-dip recession in the United States. Says the official quoted earlier, who regularly interacts with Mukherjee and insists he remain anonymous: "The FM's heart is in everything but the MoF."

If Not He, Who?

The question then is: who is in charge of the macroeconomy? So far, probably being a senior politician, he has by and large escaped criticism for the slip-ups in the MoF. It would seem he presided over a smart bounce-back of the economy from a slowdown following the global financial meltdown in September 2008. Fact is, by the time Mukherjee made his way into the MoF on January 24, 2009, much of the spadework on the stimulus that eventually amounted to Rs 1.85 trillion to shield the economy from the global downturn had already been done. The first two announcements in the three-part fiscal package were made on December 7, 2008 and on January 2, 2009. Only the third one, unveiled February 16, 2009, was announced by Mukherjee in the interim Union Budget.

Bureaucrats at the highest levels in New Delhi say the real push for the stimulus came primarily from Prime Minister Singh and some of his behind-the-scenes advisors (Ahluwalia being one of them), and, on the monetary policy front, from RBI Governor Duvuri Subbarao. Even after moving into the home ministry after the 26/11 terror attacks in Mumbai, Chidambaram had been kept in the loop on the economy.

A big worry for the economy, meanwhile, looms ahead. The fiscal deficit, which is the difference between the government's revenues and expenditure, doesn't look like it is being reined in with spending climbing sharply. The Prime Minister's Economic Advisory Council has warned that the budgeted level of fiscal deficit in 2010-11 at 5.5 per cent of GDP is beyond the comfort zone and would have been 1.2 percentage points higher but for the lower-than-expected loan waiver and pay and pension arrears. "Such easy options will not be available in the coming years and serious policy measures to contain unproductive expenditures will have to be initiated," it said in its outlook on the economy on July 22.

Ten days later, it was clear the council was not crying wolf. Mukherjee presented to Parliament his very first supplementary demand for funds for 2010-11. The year had yielded the government Rs 1.07 trillion, equivalent to 2.27 per cent of GDP, in revenues from auction of spectrum for third generation mobile phone services (some Rs 77,000 crore more than budgeted), but that didn't stop the minister from making a huge supplementary demand. At Rs 68,300 crore, the demand is twice the average of such demands over the last five years. It may push fiscal deficit beyond the 5.5 per cent of GDP, a target that Mukherjee had said he was confident of achieving after the spectrum auctions. (The fiscal deficit in 2009-10 was 6.6 per cent, mostly as a result of the stimulus.)

Slipping Targets

The risk of Mukherjee overshooting his fiscal deficit targets will be high, especially if the Food Security Act is implemented at a cost of Rs 1.07 trillion, as per agriculture ministry estimates. Also, while the first supplementary demand covers the compensation from the government to the oil PSUs for holding the sale prices of petro-products below the market levels for 2009-10, the reimbursements for the current fiscal are still uncovered. "I don't see this finance minister planning long term for the rapidly rising unfunded liabilities of government pensions, losses of the state electricity boards, interest on debt repayments, subsidies — all of which could converge at his door and explode," says Suresh Prabhu, former Union power minister.

Pressure Points

Red flags in the macro economy

Weak expenditure discipline

Pranab has beseeched Parliament for an unusually high sum in his first supplementary demand for 2010-11 of

Rs 68,300 cr of which

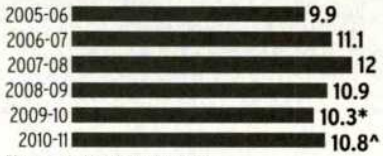
Rs 14,000 cr is for reimbursements to oil PSUs for under-recoveries on sale of petro-products

Rs 7,300 cr is for rural development schemes

Rs 6,400 cr is for transfers to states and Union Territories

Inefficient tax collection

The growth in tax collections has lagged behind that in GDP



Figures are tax-GDP ratios in %

Off-target fiscal deficit

Slow revenue growth and rising expenditure aren't helping fiscal consolidation

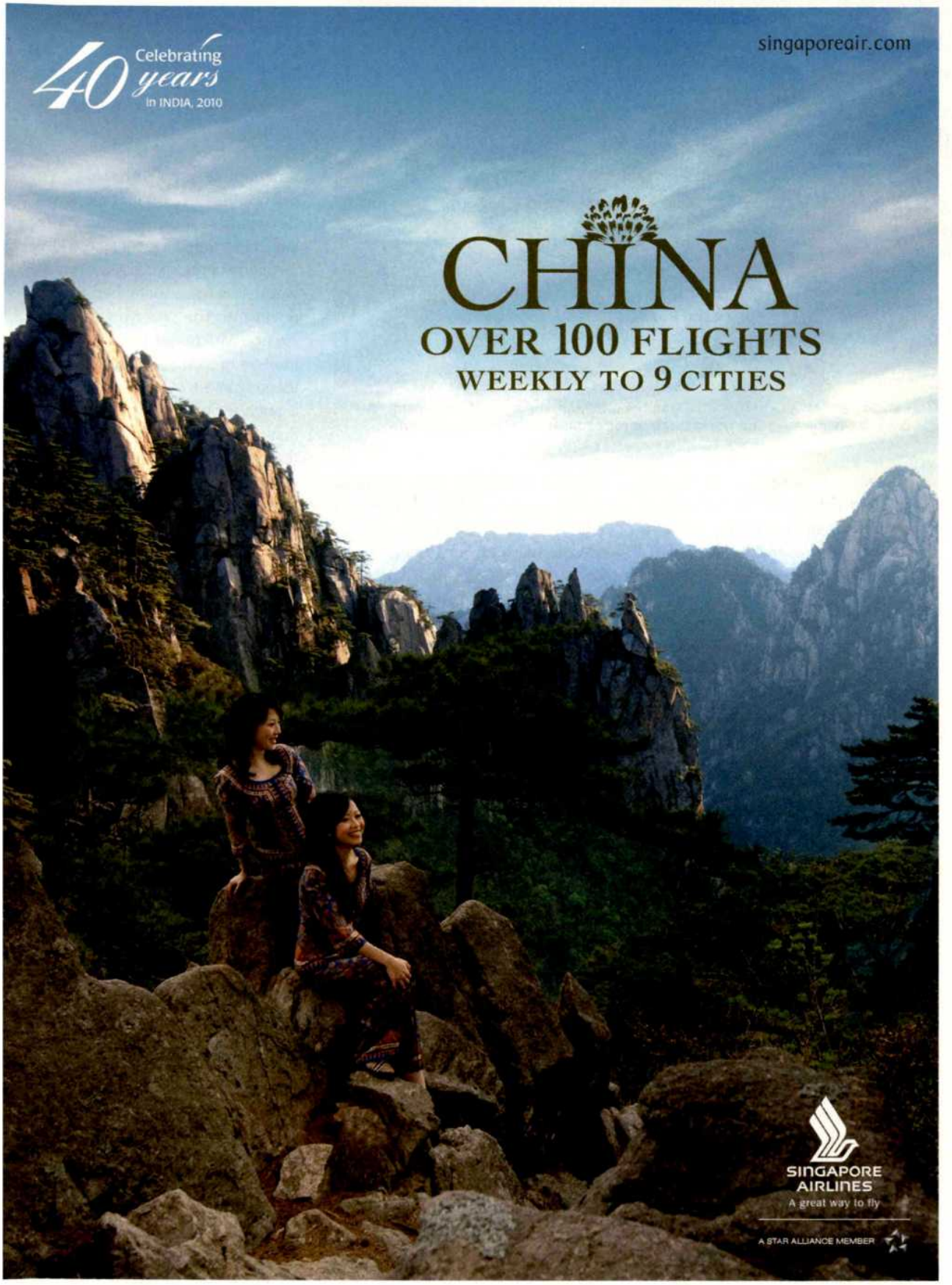
Figures are fiscal deficit as %age of GDP

Out-of-control Inflation

With industrial output lower but inflation still high will the RBI halt its rate hikes?

*Revised estimate ^Budget estimate
Source: Ministry of Finance

KULDEEP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FM, Super FM: Mukherjee with Manmohan Singh, the man US President Barack Obama says the world turns to for counsel on all things economy

A potential source of relief to the deficit situation has been lost for at least two years with the GST rollout being delayed, as Mukherjee couldn't generate a consensus on a design for the new tax regime. To begin with, the GST would have boosted GDP by at 0.9 to 1.7 per cent, as per the Thirteenth Finance Commission (TFC) estimates, by creating a uniform national market in addition to hugely simplifying the tax structure. "Negotiations with the states could have been handled better, but were delayed so much that the FM couldn't make them see the GST as a tax reform; they kept looking at it as a power fight," says Satya Poddar, Tax Partner, Ernst & Young, and one of the non-government architects of the GST. Hopes that Mukherjee, the deft negotiator, would deliver on support from the states have come to naught.

The other crucial tax reform, the Direct Taxes Code, or DTC, too, has come for criticism. Parts of the latest version of the DTC that Mukherjee released in June 2010, for instance, disregard previous judgments of courts on cases around the current law, the Income Tax Act 1961, which has evolved over several decades. "Some of the proposals (in the DTC) are highly debatable and may defeat the objective of simplification and reduced litigation," the Institute of Chartered Accountants of India said in a recent editorial in its in-house magazine. More significantly, for Mukherjee and his team, it lists "the limited horizons of those tasked with implementation" among the risks to the reform. (On August 26, the Cabinet approved a bill on the proposed DTC rules.

The MoF has been lagging a rapidly transforming economy built on federal structures. One of the most important recommendations of the TFC was on evolving the MoF as part of an elaborate fiscal consolidation plan deadlined for April 2011, but Mukherjee hasn't even taken the first step of appointing a recommended council on fiscal consolidation.

Then, there is the other big threat to economic growth — inflation. The finance minister has failed to capitalise on a comfortable supply position of wheat and rice — with three bumper wheat harvests in a row — to ease food price inflation. It may not have pinched urban and semi-urban wallets, but there's no getting away from how high inflation hurts the rural poor even if record levels of social spending by the government may have cushioned it a little.

To be sure, Mukherjee's style of functioning is not unheard of. For many in the MoF, it is in some ways a throwback to the 1970s and 1980s, long before the concept of independent regulators or transparency the way the world sees them today had trickled down into the government's conscience. Mukherjee was the finance minister in Indira Gandhi's cabinet in the early 1980s — not the best-known regime for preserving institutions. Some with a sense of history point out that though he was retained as finance minister by the interim prime minister Rajiv Gandhi in October 1984 after Indira Gandhi's assassination, Mukherjee was replaced with V.P. Singh in January 1985 when the Congress returned to office with an unprecedented majority.

Today, though, there are no other clear contenders for Mukherjee's post. No one qualified on both counts — technical knowledge of economics and political acceptability — for the post of finance minister when Chidambaram was moved to the home ministry. Ahluwalia and Chairman of the PM's Economic Advisory Council C. Rangarajan would have been technically sound, but without a political constituency.

Mukherjee was the finance minister in Indira Gandhi's cabinet in the early 1980s — not the best known regime for preserving institutions.

The presence, in the background, of an economist PM, who US President Barack Obama says the world consults on economic policy, has been of comfort to the economy so far. But if the ambitions of 8 to 9 per cent GDP growth and of spreading the wealth around — and, importantly, protecting the economy against external shocks — are to come true, India needs a less distracted finance minister. ⊙

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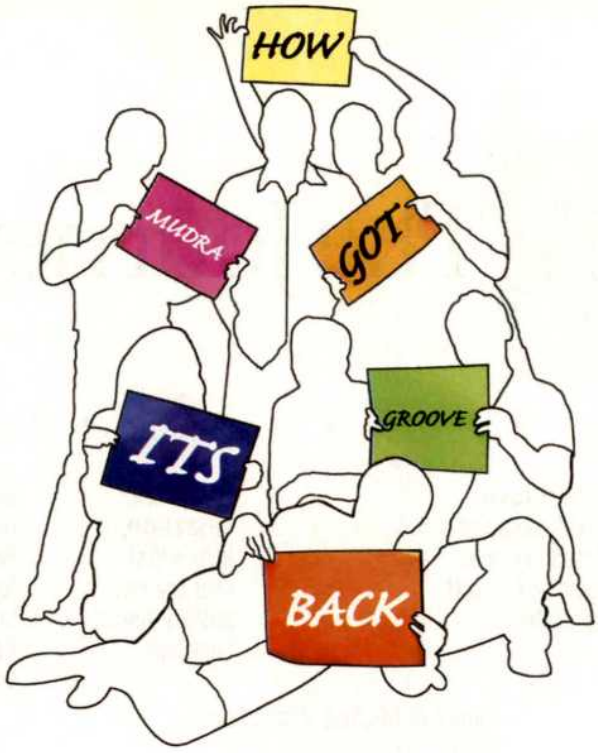
RACHIT GOSWAMI

Creative bonding Madhukar Kamath (last row, 2nd left) with his young team

Yes, Mudra can be creative, and it now wants to set itself apart from the rest of the agency pack by focusing on the consumer rather than the client.

BY ANUSHA SUBRAMANIAN



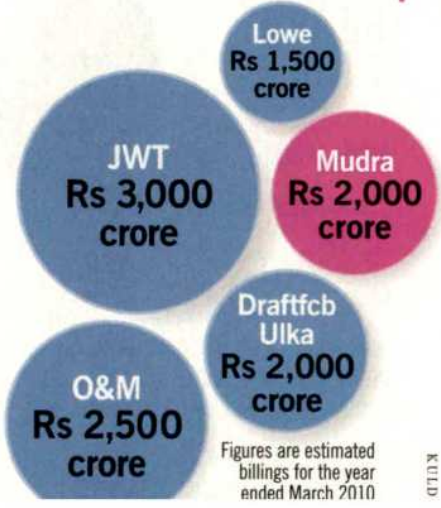
September heralds the onset of the Indian festive season. In Mumbai's western suburb of Santacruz, near the Grand Hyatt hotel, a thousand-odd employees of the Mudra Group — or Mudraites, as they call themselves — will begin celebrations of a totally different kind. Three of the advertising network's four agencies will have moved into a spanking new eight-storey building called Mudra House. The fourth agency, Ignite Mudra, an agency for entrepreneurs, will continue to be based in Ahmedabad.

Mudra is also set to unveil a new identity that will seek to reinforce its position as the No. 3 agency in India in terms of capitalised billings as well as set the agenda for the next phase of growth at this 30-year-old advertising network. At the time of writing, the new identity was firmly under wraps, but Madhukar Kamath, MD & CEO, Mudra Group, explains the trigger for it. "The new identity will reflect the growing ambitions, the transformation and the wider canvas that the group as a whole is going to be painting for the future."

Mudra's distinctiveness stems from being one of the few — and the largest — home-grown ad networks left in the country. The United States-based DDB Worldwide is a partner, but it has Mudra. Sam Balsara's Madison Communications is the other big domestic network, but it is more media-led than by advertising.

Kamath claims that Mudra is amongst the top three agency networks in the country, with only the WPP Goliaths JWT and Ogilvy & Mather ahead of it. Competitors such as Draftfcb Ulka and Lowe will dispute that, but No. 3, No. 4 and No. 5 could be running neck and neck.

How Mudra Stacks Up



Figures are estimated billings for the year ended March 2010

KUUD

Kamath, for his part, claims that Mudra is not in the numbers race. "Being No.1 in terms of the quality of solutions and work is our objective. Not size. We want to be the best branding solution providers not the biggest," he adds.

Having said that, Kamath is targeting a growth of 25 per cent in the current year, which should take Mudra up to Rs 2,500 crore. But that will still mean a sizeable gap between the WPP networks and Mudra (see *How Mudra Stacks Up*). "Mudra lacks the size and scale of JWT and O&M in India, but I would say it is a worthy competitor," says Ranjan Kapur, Country Manager India, WPP Group, who reckons that Mudra is still behind Draftfcb Ulka and Lowe.

Kapur acknowledges Mudra's efforts over the past couple of years to build itself as a "complete 360 degree marketing and communications group". Indeed, after being known as an Ambani agency for most of the '80s and the '90s — thanks to the work it did for the clothing brand Vimal and Reliance's public issues — Mudra has done well to break out of that mould. At one point in time, Reliance accounted for close to a fourth of Mudra's business, but today just three per cent comes from the Reliance Anil Dhirubhai Ambani Group (which got the network in the settlement reached by Mukesh and Anil

The Journey So Far

1980

On March 25, A.G. Krishnamurthy founds Mudra in Ahmedabad with 15 employees, 500 sq. ft. of space, Rs. 40,000 and **Vimal** as its first client

1983

Launch of the **'I love you Rasna'** campaign. By 1986, Rasna becomes India's largest-selling soft drink concentrate

1984

Launch of **Mudra Videotec,** which pioneered sponsored programmes on Doordarshan

1986

Reliance Khazana, India's first ever branded public issue is launched

1987

Begins its relationship with Paras Pharmaceuticals for which it has built brands like MOOV, ItchGuard, and Dermicool

1990

Mudra signs a collaboration agreement with **DDB Needham Worldwide**

Over the years, Mudra's biggest strength became its weakness. Led by the legendary A.G. Krishnamurthy, the agency did some great work for Indian brands like Rasna, Dhara, Godrej, Paras and Reliance. That Mudra was at the forefront of building powerful Indian brands, however, backfired when it came to winning international businesses. Despite DDB buying 10 per cent in 1993, the association didn't reap too many benefits — international alignments were few and far between and Mudra gained little in terms of learnings of new methods and processes.

As question marks began to appear about Mudra's quality of creativity it began losing clients. Mudra had a tie-up with Cheil of South Korea, which helped it bag the Samsung account in the early '90s. But when Cheil set up shop in India in 2004, Mudra had to give up the Korean business. Reliance Infocomm (the earlier avatar of Reliance Communications, which was then owned by Mukesh Ambani) too went away, as did Rasna. "I was welcomed back into Mudra with the departure of our No. 1 and No. 2 clients (Reliance Communications and Samsung). But those setbacks helped

THE ARMS OF MUDRA

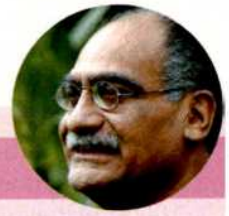
Mudra India

Contribution to billings: **35%**

CEO: **Jude Fernandes**

WHAT IT DOES: Creative campaigns for brands like LIC, Godrej, Union Bank, Future Group and Reliance ADAG

CEO-SPEAK: "As India's largest home-grown agency, we have a genuine connect with the realities of the country, which reflects in all the work we do"



DDB Mudra

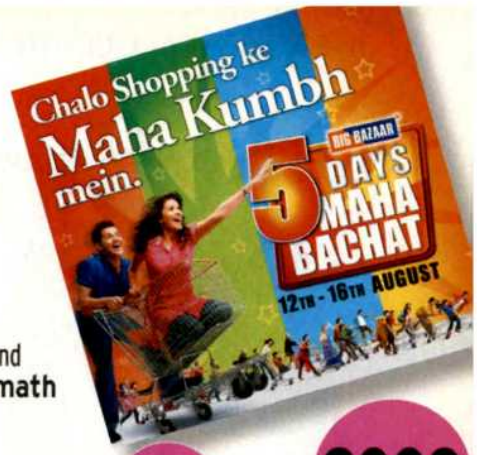
Contribution to billings: **15%**

CEO: **Sandeep Vij**

WHAT IT DOES: Handles global clients like Volkswagen, J&J and Philips. Also has digital agency Tribal DDB, Rapp and Mudra Health Lifestyle under its belt

CEO-SPEAK: "DDB Mudra is built around open collaboration, by moving away from disparate agencies to being one team of experts"

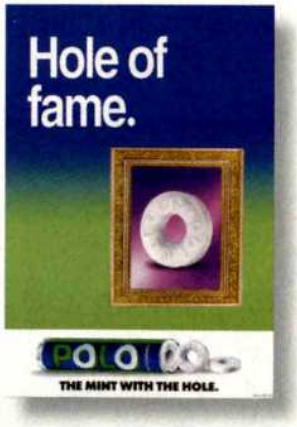
Birth of **Mudra Institute of Communications,** Ahmedabad, the first institution in the Asia-Pacific region dedicated to meeting the needs of marketing communications



AGK retires from the post of CMD and **Madhukar Kamath** takes charge

1991 • **1995** • **1996** • **2003** • **2004** • **2009**

Nestlé POLO is launched. Relationship with Samsung and Dabur begins. **The 'Mint with the Hole'** campaign is recognised as 'The Brand Launch of the Year'



i'm lovin' it

McDonald's enters the Indian market Mudra's *McDonald's mein hai kuch baat* campaign helps the burger brand to shed its perception of being a western concept

Mudra wins the Big Bazaar account. Creates the ***is se sasta aur accha kahin nahin!*** campaign

Launches specialist agency Mudra Ignite. Unveils **Volkswagen's** first brand campaign

us begin on our new journey, which technically began in 2004-05," says Kamath.

Kamath worked with Krishnamurthy at Mudra for 11 years before joining Bates Clarion in 1999, where he was credited with turning it around. He came back in 2003 once Krishnamurthy retired. "I had worked very hard to bring Bates into India and help it grow and acquire Clarion. I had laid the foundation for what probably could be the agency of the future and amidst all this I get a call from Anil Ambani asking me to come back and run Mudra. I could not say no," says Kamath. Ambani also presented him the book *Execution: The Discipline of Getting Things Done* by Larry Bossidy & Ram Strategy, innovation and leadership are all fine, but at the end of day just get the job done.

He's been doing exactly that. Along with the CEOs of his other agencies (see *The Arms of Mudra*), and with DDB in tow, Mudra has since been getting back its groove. Big Indian brands like Big Bazaar and LIC and multinationals like Philips and Volkswagen are in the bag, ensuring a healthy mix between Indian and foreign business.

Mudra may never be able to topple the WPP agencies in billing terms. But then that's not Kamath's objective. His aim is to differentiate Mudra from other agencies by virtue of the work it does. "By consolidating the operations of three of our agencies, we are not attempting to put the client in the centre. We want to put the consumer in the centre. And that's how we are different from other agen-

Mudra Max and Ignite Mudra

Contribution to billings: **40%** and **10%**, respectively

CEO: **Pratap Bose** (COO of Mudra Group)

WHAT IT DOES: **Mudra Max claims to be the largest experiential and channel communications agency in the country while Ignite Mudra caters to the brand-building needs of entrepreneurs**

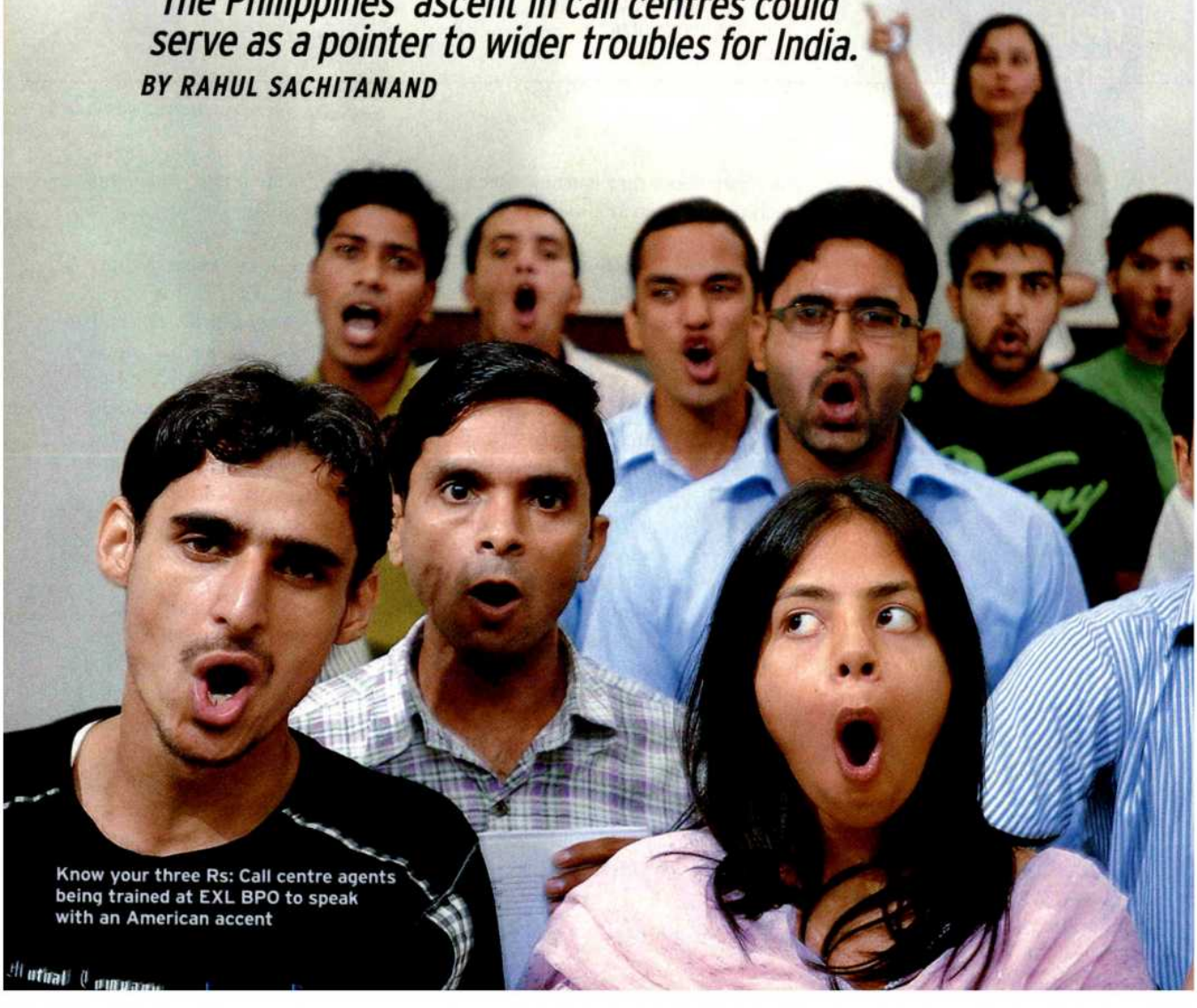
CEO-SPEAK: **"The challenge is to consolidate**

India BPOs

FADING voice

The Philippines' ascent in call centres could serve as a pointer to wider troubles for India.

BY RAHUL SACHITANAND



Know your three Rs: Call centre agents being trained at EXL BPO to speak with an American accent

Lion's Share

Customer support is the top revenue generator for Indian BPOs

Figures are revenue in $ million for FY 2010 Source: Nasscom

PHOTOGRAPH BY VIVAN MEHRA; GRAPHIC BY KULD

India's unrestrained growth in business process outsourcing (BPO) services appears to have taken an unexpected stumble. A decade after dominating the market and racking up $12.4 billion in revenues, directly employing three million people and cornering nearly half the share of the offshored global market three years ago, a large chunk of the Indian BPO industry focused on voice tasks appears to be having second thoughts.

Prompted by rising wage costs, attrition and an increasingly painful shortage of English-proficient talent, several BPO firms are heading to the relative safety of the Philippines. Up to a dozen operators are rapidly setting up and expanding call centres in this South-east Asian nation of a 100 million people, and many more are expected to follow as clients are increasingly insisting on delivery of services from Manila.

The Philippines churns out 350,000 graduates annually, most of them proficient in English, thanks to English medium education in its schools. Also, Filipinos speak with a more familiar accent and are culturally closer to key markets in North America (especially the United States). BPO firms in the Philippines enjoy extended tax holidays and spend far less than in India particularly on office rents and transport for workers. As a result, in barely five years the BPO industry in the $7 billion in size and employs some 450,000 people, a majority of them in the voice sector.

Some analysts dismiss any overt threat to the Indian BPO sector from the Philippines. "India continues to enjoy the largest share of the BPO market (over 50 per cent globally) and has graduated beyond voice to higher-value services," says Arup Roy of tech researcher Gartner. Even so, about 43 per cent of India's BPO revenues today come from voice-based services and, of that, almost all from English-speaking customer services contracts.

Over time, the industry has matured, evolving from just voice calls to supporting other forms of services (web, e-mail and instant message) to entering the non-voice, data-based services market. More recently, many companies have moved to the next level, with their customers trusting them to analyse sales and customer data.

But in the background industry executives have struggled with tougher operating challenges. Of the three million graduates churned out by Indian colleges every year, only a small fraction is employable. As a result, BPO companies spend at least four weeks training each of their agents or associates to take or make calls "live" on the floor. Once the agents gain some experience, retaining them can be a tough task, with attrition rates topping 50 per cent in some voice BPO firms.

Worried by these rapidly worsening numbers, companies that outsource work and the service providers themselves have rapidly looked for alternatives, especially to the proverbial low-hanging fruit, the voice BPO market. Indian BPO veterans such as Raman Roy, who founded the BPO firm Quatrro after selling off

crop of call centres, to Wipro, argue that the industry here is handing its business on a platter to Manila and allowing it to scale. "The largest company in the Philippines is perhaps as big as one facility of an Indian BPO. By letting large-scale voice work migrate to Manila, we're allowing the Philippines to add heft to their industry," he says.

Aggressive incentives to BPO companies and some inherent advantages of location also help. "The IT/BPO hub in Manila is situated bang in the middle of some of the largest shopping malls," says Keshav Murugesh, CEO of WNS, which started with a 200-seat facility in the Philippines in 2008. "The government has invested in transportation infrastructure for shopping malls, thus it is easy for employees to travel to and from work." The Philippines also has better tax sops and cheaper infrastructure costs (telecom bandwidth is at least 25 per cent cheaper, for instance), which make it more lucrative to set up a unit there.

Two years ago, after Intelenet Global Services started losing clients because it didn't have a centre in the Philippines, it started with a small, 100-person team there. It has grown to a 1,000-person unit, and the company plans to scale up to 5,000 people in four years. "Filipinos don't need to attend intensive accent neutralisation classes lasting four weeks or be herded through culture courses either," says Sandeep Aggarwal, Intelenet's Executive Vice President for Sales, Solution and Transition.

The cultural similarities between the United States and the Philippines make for another snug fit. It is easier to explain to an American that a hurricane has shuttered a facility than, say, Shiv Sena riots bringing Mumbai to a halt, says Aggarwal. Clients from sectors such as consumer electronics and others are demanding that voice support be delivered from the Philippines and not India.

WNS and Intelenet aren't the only ones expanding rapidly in the Philippines. Rohit Kapoor, Chief Executive of EXL Service, made multiple visits to Manila to hunt for an acquisition to enter the market. He wasn't successful. Instead, Kapoor opted to set up a new centre around 18 months ago, which has today grown to 800 people, handling calls from eight companies. "Customer empathy is much better in Manila...we have people empathising more personally with customers who have accidents, than just relying on preset manuals to verify claims," he says.

Tilting the scales

ADVANTAGE PHILIPPINES

- Large English-speaking population, culturally closer to the US
- Well-oiled public transport
- Extended tax sops to BPOs

(DIS)ADVANTAGE INDIA

- Too few English-proficient graduates being churned out
- Growing attrition a turn-off for several companies
- High infrastructure costs, overheads

Outsourcing experts and advisors in the Philippines say that the trend is irreversible. The country may already be a leader in voice BPO, going by where new contracts are being delivered from, according to Gregory Kittelson, Managing Director, Kittelson & Carpo Consulting, an immigration and outsourcing services provider in Manila. "If you're doing voice work out of India and haven't lost your contract you're going to do so pretty soon," he says, without a hint of humour. Kittelson & Carpo has advised at least 150 companies this year, mainly in BPO, about setting up shop in the Philippines.

This attraction was too hard to resist for Shanmugam Nagarajan, Co-founder and Chief People Officer of 24/7 Customer, a Bangalore-based BPO service provider. His company, founded in 2000, has some 3,000 people in India, while it has already hired over 4,000 in five years in the Philippines. "India has been muscled out of the voice market," Nagarajan says. "Rising attrition and consequent wage rise make it very difficult to scale in India." So, 24/7 Customer says it will continue to expand in the Philippines and is looking for a place outside Manila, even as its expansion in India slows. India's voice BPO growth is being held back at an annual 15-20 per cent when it can expand at 50 per cent, rues Roy of Quattro.

While large BPOs such as WNS and IBM Daksh may be able to adopt a hybrid delivery model across India, the Philippines and other outsourcing locations, the decline of call centre contracts from here may be a pointer to much tougher times ahead for this once unstoppable sector. ⊙

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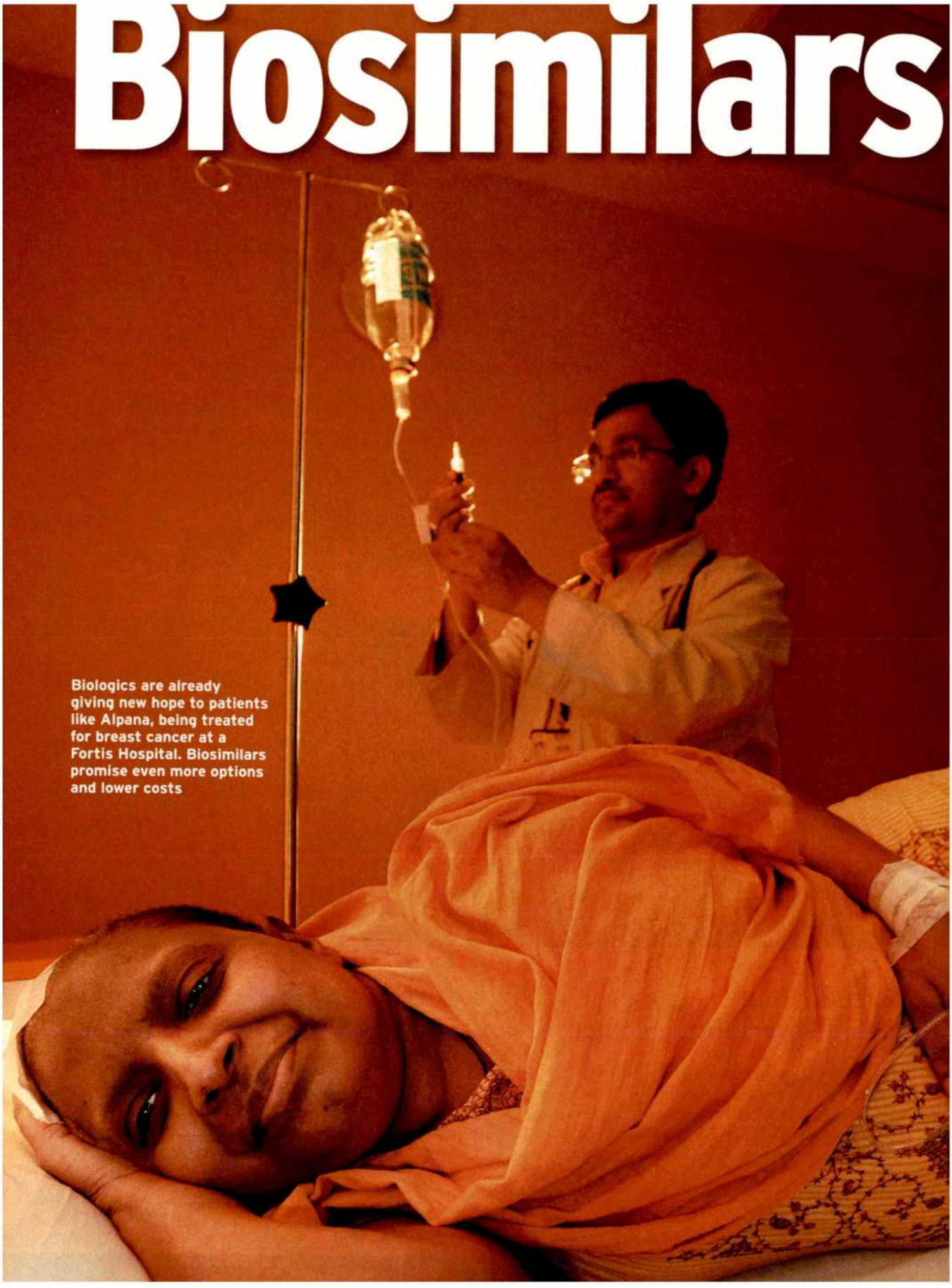
Biosimilars



Biologics are already giving new hope to patients like Alpana, being treated for breast cancer at a Fortis Hospital. Biosimilars promise even more options and lower costs

Beckon

Indian pharma companies are targeting generic versions of biotech-based drugs, which can slash treatment costs for killer diseases like cancer. BY E.KUMAR SHARMA

A decade ago, Yusuf Khwaja Hamied jolted the global pharmaceutical community when he proposed to sell anti-AIDS drugs at less than 4 per cent of the price charged by international drug makers. Cipla, the company he chairs, is today one of the world's largest producers of antiretroviral (ARV) drugs to fight HIV/AIDS; and one estimate a few years ago had it that 40 per cent of HIV/AIDS patients undergoing ARV therapy were on Cipla drugs.

The 74-year-old Hamied is now gearing up for his next challenge: He wants to make cheaper versions of pricey biotech-based drugs that can cure different types of cancers, with minimal side-effects. "This will be much like what we did with anti-AIDS drugs 10 years ago, when we brought down prices from $12,000 to $300 per year," declares the veteran of the Indian pharma industry. "I am not young any more but this is a crusade that I am planning to take on at Cipla," adds the good doctor who many believe has managed the fine balance of making profits and paying heed to his social conscience.

A visit to a cancer ward of any Indian hospital will explain why Hamied is embarking on this crusade. Most of the patients suffer silently as a cure is beyond their means. But there may be hope on the horizon, as access cancer treatments. "Earlier, say about three years ago, I used to get around five cases of non-Hodgkin's lymphoma (a type of blood cancer) in a year, but last year we got 22 patients; and this year we have already treated around eight patients," says Dr Shailesh R. Singi, an oncologist at Care Hospitals in Hyderabad. If more patients are beginning to visit hospitals for a cure for cancer, it's because of heavy subsidies provided by innovator companies that make biopharma drugs that can effectively treat certain cancers.

But subsidies can never be a sustainable solution. What is sustainable is reducing prices of biopharma drugs by making biosimilars. Also known as follow-on biologics, biosimilars are versions of innovator biopharma products that are produced on the expiry of the relevant patent and period of exclusivity for the innovator company. They are copies or generic versions of medicines made using a biological source as against a synthetic chemical substance used in the allopathic medicines that rely on knowledge of chemistry. Biologics, and their biosimilars, are medicines that are based on some biological base, and could be proteins or a complex combination of several biological substances that are all custom-designed to target specific cells in the hu-

WHERE BIOSIMILARS CAN HELP

LYMPHOMA, A TYPE OF BLOOD CANCER

The treatment cost in cases like non-Hodgkin's lymphoma was **Rs 1.2 lakh*** per cycle three years ago. A patient needs 6 to 7 cycles – a bill of over Rs 7 lakh

BIOSIMILARS HAVE HELPED BRING DOWN COSTS OF THIS TREATMENT BY ROUGHLY 50%

*excluding costs of other medication and hospitalisation

BREAST CANCER

Some of these drugs today cost **Rs 1.3 lakh** per cycle; a patient typically needs 8 to 12 cycles, which means a total cost of treatment of at least Rs 10 lakh

BIOSIMILARS CAN MAKE THIS TREATMENT MORE AFFORDABLE

COLON, KIDNEY AND LUNG CANCERS

In some cases, the cost is around **Rs 40,000** per month and the patient needs

"In five years we hope to see 7 to 10 per cent of our top line coming from biosimilars"

specific cell types (say, cancer cells) or specific disease-causing proteins within cells.

When this writer met Dr Singi, he was treating a patient who is a driver by profession and whose company had agreed to support his medical costs, for non-Hodgkin's lymphoma. The drug: A biosimilar called Reditux launched by drug-maker Dr Reddy's Laboratories three years ago. For the patient, Reditux means he can now access an immensely affordable treatment for his cancer. Three years ago, the cost for a treatment for non-Hodgkin's lymphoma was Rs 1.2 lakh per cycle; a patient typically needs six to seven cycles, resulting in a total bill of over Rs 7 lakh (excluding the cost of other medication and hospitalisation). The cost of that treatment is now down by over 50 per cent. Other than non-Hodgkin's lymphoma, breast, colon, kidney and lung cancers too can be treated with affordable biosimilars (see *Where Biosimilars Can Help*).

Cipla and Dr Reddy's are just two of many Indian pharma companies that are putting the skills honed in reverse engineering (or making copy cat drugs, as the Western drug companies prefer to see it) to use in biologics. Lupin, Ranbaxy Laboratories, Biocon and now even Mukesh Ambani's Reliance Life Sciences, have taken up the challenge to make biosimilars — with good reason.

"About 40 per cent of all the new drugs entering the market every year are biotech drugs," says Kamal K. Sharma, Managing Director, Lupin. Sharma, who puts in 17 hours a day and teaches at IIT Bombay on weekends, is the man behind the biosimilar foray at Lupin. "In five years from now we hope to see 7 to 10 per cent of our top line coming from biosimilars." That would translate into some $300 million from biosimilars, what with Lupin aiming to become a $3 billion company by 2013, up from $1 billion currently.

Dr Reddy's biosimilars charge is being led by 40-year-old Cartikeya Reddy (no relation to the promoter Reddy family), who came on board in 2004. Within three years of joining, he was made a part of the management council, which is the think-tank of the company. A senior engineer at Genentech, a leading biotech firm that Swiss pharma giant Roche paid $46.8 billion to acquire, he started out at Dr Reddy's as a director in the biologics development centre; in three years he was made the head of biologics business.

This seems to have worked well so far for Dr Reddy's. Other than Reditux, it has launched two other biosimilars and has a pipeline of seven, with a plan to launch one product a year. Capital expenditure on biosimilars is around Rs 150 crore with Rs 30 crore to Rs 40 crore going into research and development annually. The company's pipeline of biosimilars today includes a molecule in late stage clinical trials, two products in late-stage development, and several others in early-stage development. The areas of focus are oncology and auto-immune diseases.

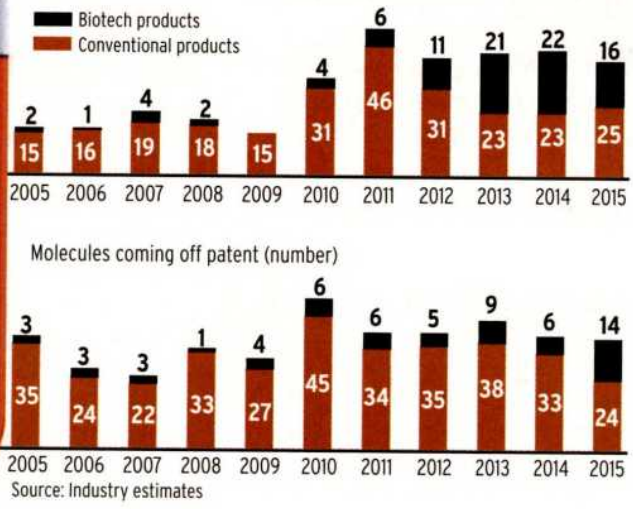
Lupin began its efforts in biosimilars three years ago for which it set up a state-of-the-art biotech facility on the outskirts of Pune as well as the Lupin BioResearch Centre, also in Pune. "In

UMESH GOSWAMI

KULDEEP

Biosimilars Are Set to Take Off by 2012

Worldwide sales of expiring products in year of US patent expiry ($ billion)



Molecules coming off patent (number)

Source: Industry estimates

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Rs 100 crore and hope to have our first product out in October 2011. This could be either in the area of rheumatoid arthritis or in cancer," says Sharma. Lupin has some six proteins in different stages of development and, after the first launch, hopes to hit the market every three to four months.

Cipla is investing $65 million or around Rs 300 crore to acquire a 40 per cent stake in a Goa-based company called Mab Pharm and a 25 per cent stake in Bio Mabs of Shanghai. Both Mab Pharm and Bio Mabs are setting up biosimilar units. Cipla is focusing on areas like cancer and rheumatism. Those who work closely with Hamied say this means biosimilars of drugs like Herceptin (to treat breast cancer; innovator company: Roche), and Avastin (innovator company: also Roche) for colon, kidney, lung and gall bladder cancers. Cipla is also apparently looking at a biosimilar for the drug Erbitux, sold by Merck KGaA, to treat certain types of head and neck cancers. These products are not covered under patent in India and China, which means Hamied can sell the generic versions legally.

Biosimilars Breakdown

PRODUCT	ESTIMATED MARKET SIZE IN INDIA (Rs Cr)
Insulin	650
Erythropoietin+	150
GCSF*	75
Hormones	75
Interferon Alpha^	50
Thrombolytics#	10
Others**	190
Plasma Proteins++	400
Vaccines	900
Total	2,500

+ A protein that stimulates red blood cell production

*A protein that stimulates white blood cell production

^ A protein used to treat hepatitis B and hepatitis C; can also be used to treat some types of blood cancer

Drugs that are used to help dissolve clots

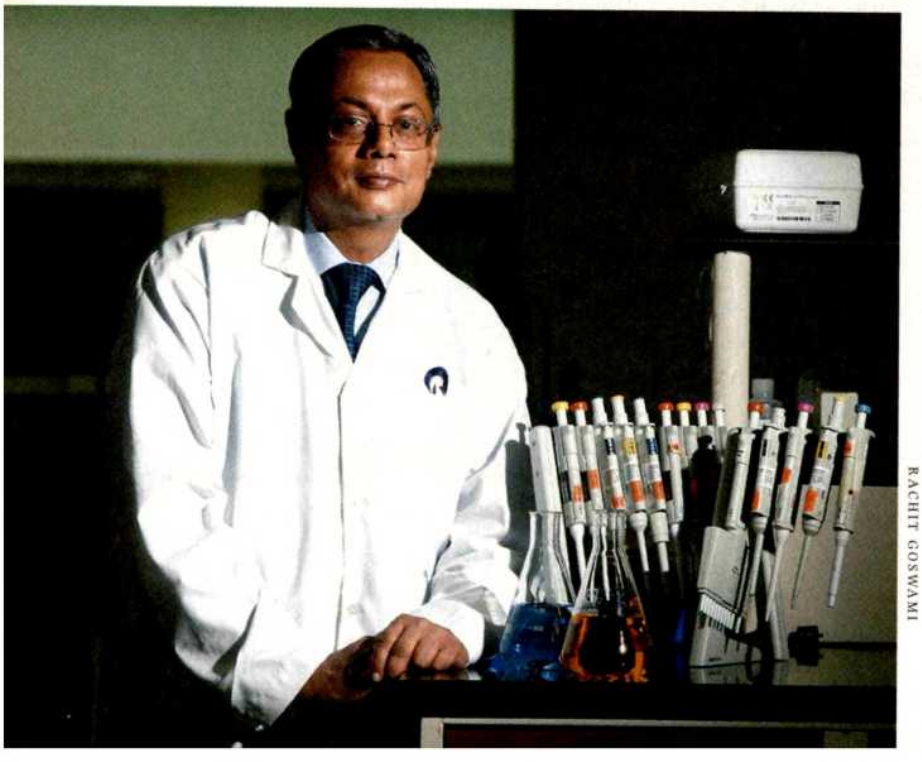
** Includes monoclonal antibodies, typically drugs that deal with cancers and those used in cardiology

++ Proteins found in human blood that are used to treat liver diseases and immune deficiencies

Source: Industry

K.V. Subramaniam, CEO, Reliance Life Sciences

"Biopharmaceuticals constitute about 70 per cent of our revenues"



RACHIT GOSWAMI

For a newer company like Reliance Life Sciences, biopharma is the largest area of focus. "Biopharmaceuticals constitute about 70 per cent of revenues of Reliance Life Sciences," says CEO K.V. Subramaniam, the man driving this initiative at Reliance. Subramaniam says Reliance Life Sciences currently "has the largest portfolio of biosimilars (14) under development in the industry globally, many of which would be launched for the first time as a biosimilar". Reliance plans to launch two or three biosimilars each year for the next five years. The company operates, what it describes as, "the largest mammalian cell culture facility (10,000 litres capacity)" in Navi Mumbai. The Ambanis' penchant for scale — manifest in commodities-driven businesses like refining and petrochemicals — is visible here too. "Reliance Life Sciences is able to offer its range of biosimilars at competitive prices due to its scale and the fact that it has capabilities to carry out clinical trials in-house, giving a significant time and cost advantage," explains Subramaniam.

The huge opportunity — the market for biosimilars is today worth Rs 2,500 crore and, according to industry estimates, growing at close to 20 per cent annually — is doubtless there for the taking. Yet, unlike chemistry-based drugs, the manufacturing process in biologics is more complex. The process is also more expensive than developing new chemical entities, and the regulatory landscape is not uncomplicated. But it's precisely such roadblocks that raise the entry barriers in this space, and the ability to manoeuvre past these hurdles will eventually separate the men from the boys. ⊙

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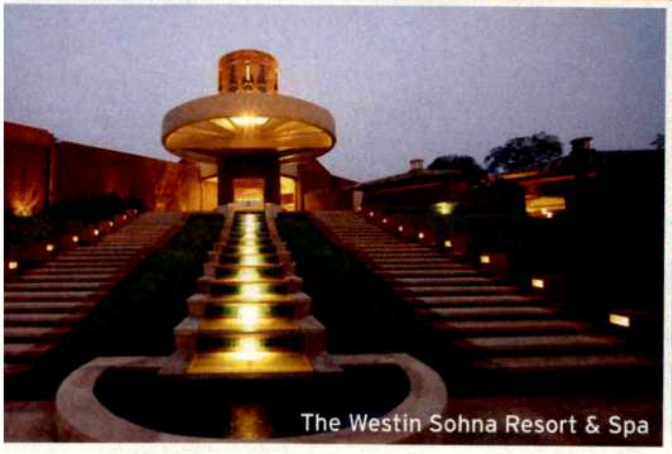
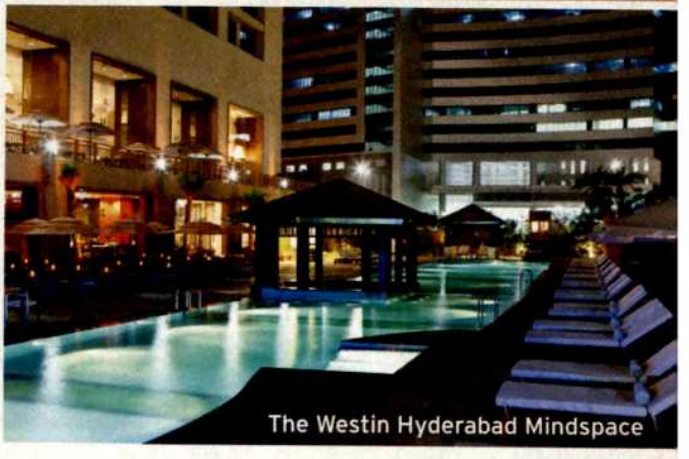
The Westin Mumbai Garden City


The Westin Sohna Resort & Spa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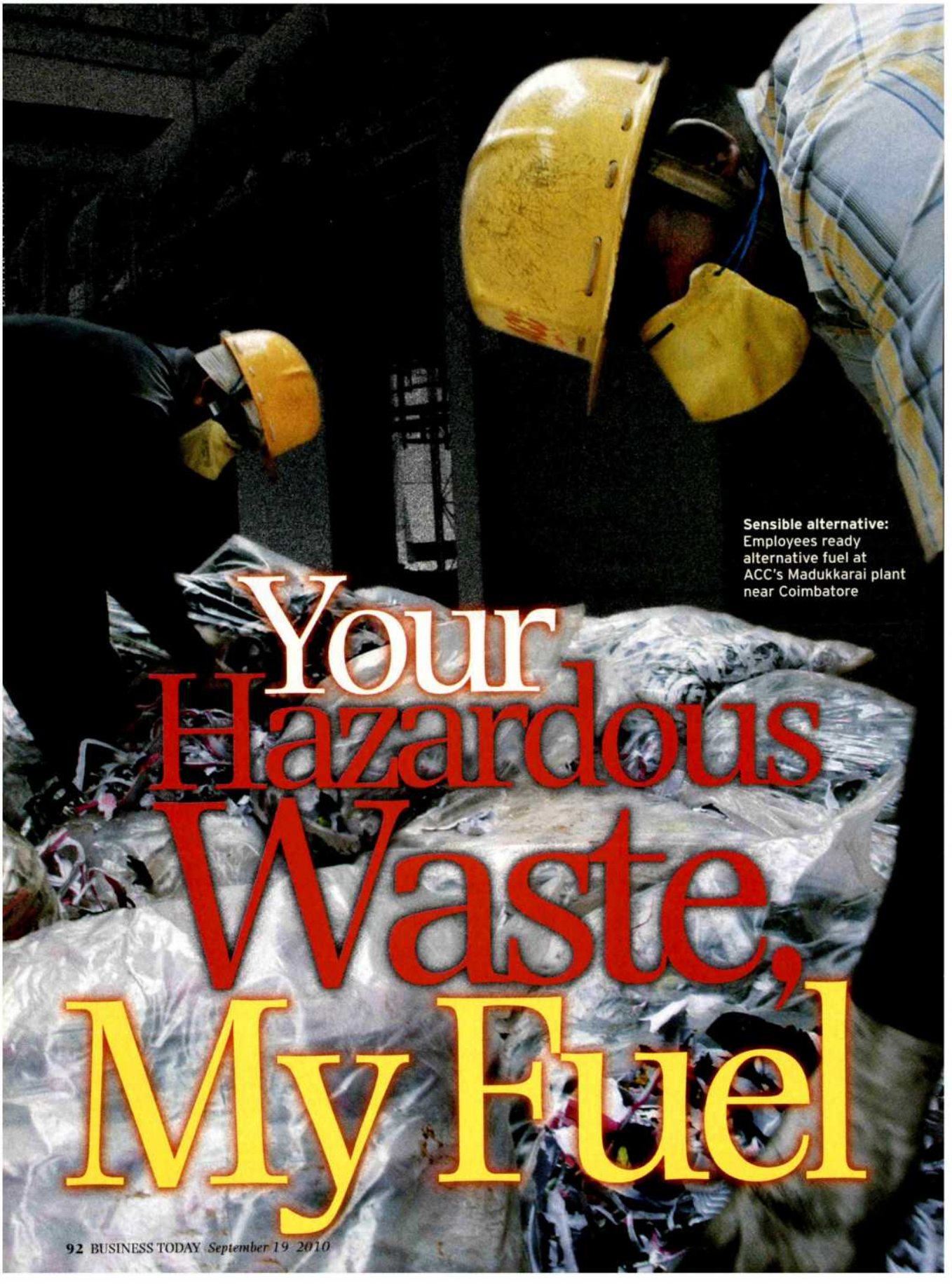

Sensible alternative: Employees ready alternative fuel at ACC's Madukkarai plant near Coimbatore

Your Hazardous Waste, My Fuel

Many countries have embraced co-processing as an effective means of waste disposal, but India is just about waking up to its potential.

BY N.MADHAVAN

In late 2006 Tom Chackalackal was a worried man. Over 1,000 tonnes of hazardous waste — paint sludge, phosphate sludge, oily rags and other waste from the on-site wastewater treatment plant — had piled up at the factory premises of Ford India near Chennai where it had been producing cars since 1999. As vice president of manufacturing, Chackalackal was hard-pressed to find a way for safe disposal of this humongous waste, which was growing by the day. The secured landfill that the Tamil Nadu government had promised the company when it agreed to set up a factory in the state had not materialised. Then, Ford India decided to double the capacity of the Chennai plant and foray into the high-volume, small car segment, raising the spectre of more waste. "It was around this time that Ford's Global Environment team came up with the idea of co-processing. Why don't you burn the waste in a cement kiln like it is done in many countries across the world, they said," recalls Chackalackal. That would have required a partner firm, but nobody was doing such a thing in India then.

As luck would have it, Holcim, the world's second-largest cement maker and a global leader in co-processing technology, had by then established its presence in India with the acquisition of ACC in 2005 and Gujarat Ambuja Cements in early 2006, and was beginning to push its Indian units to co-process. It had already adopted the technology in 39 countries over the previous two decades. By the end of 2005, it had set up in ACC a new business called Alternative Fuels and Raw Materials (AFR) with the objective of looking for alternative energy sources to fire its kilns. In ACC, Ford India found a willing partner. After getting the necessary Pollution Control Board (TNPCB), Ford India began shipping its hazardous waste to ACC's Madukkarai plant near Coimbatore for use as fuel in its kiln.

Bulk drug manufacturer Jubilant Organosys was another beneficiary of this practice. Its Mysore plant — an export-oriented unit — had a zero-waste water discharge facility and an incinerator to burn waste. But some 1,500 tonnes of hazardous waste on its premises awaiting a landfill stood out like a sore thumb until Jubilant entered into an agreement with ACC to co-process it. "Sustainable manufacturing is the key to landing an order. That is often the competitive edge," says Jubilant's Senior Vice President Biswajit Mitra.

Co-processing is the practice of substituting fossil fuel (mostly coal) with hazardous and other wastes in a cement or lime kiln or in a blast furnace of a steel plant. The process is also referred to as thermal substitution and is considered a better way to dispose of hazardous waste compared to a landfill or an incinerator (See *Green Manufacturing*). Developed nations have embraced co-processing in cement kilns whole-heartedly. Their rate of thermal substitution is very high (see *The Global Practice*).

"In developed nations there is a high level of awareness about safeguarding the environment. That is backed by a strong legal framework," explains Ulhas V. Parlikar, Director, Alternative Fuels and Raw Materials Business at ACC. In fact, in 2009, Holcim alone used over seven million tonnes of waste and saved four million tonnes of fossil fuel globally.

India is the second-largest producer of cement in the world with an annual installed kiln capacity of over 300 million tonnes. It consumes about 30 million tonnes of coal every year.

2008-09 the shortfall was of the order of 22 per cent and costly imports continue to bridge the gap.

In 2009 India generated 67.31 lakh tonnes of hazardous waste. For this quantum of waste the disposal facilities in the country are woefully inadequate. There are just 25 secured landfills in operation in 12 states and 13 common incinerators in six states. A study by Frost and Sullivan estimates hazardous waste generation in India to grow at a compounded annual growth rate of eight per cent over the next five years. This would call for significant investments in waste disposal facilities. For instance, it costs between Rs 10 crore and Rs 30 crore to put up an incinerator. In addition, it would cost Rs 400 crore annually to operate the incineration facilities for disposing all the hazardous waste in the country.

Given this state of affairs, India should have resorted to co-processing long ago. But the quantity of waste the country co-processes now is a meagre 100,000 tonnes. In 2009 ACC co-processed 77,751 tonnes of waste substituting 61,965 tonnes of coal. Grasim, Madras Cements and India Cements are some of the other players that have resorted to co-processing but on a smaller scale. Some of the companies that offer their waste for co-processing are Hindustan Unilever, Cadburys India, Nestle, Johnson & Johnson, Godrej Sara Lee and SRF Nylon.

There are obvious reasons for co-processing not catching up in India. A critical issue here is: Who pays? Globally, the polluter pays. Multinational companies in the country like Ford India follow that practice. But that is not the case with local players. Take the case of fly ash, a hazardous waste generated in thermal power plants. "When the cement industry began producing blended cement using fly ash, it was initially offered free of cost. When demand for fly ash increased, power utilities started charging a price and today it has risen

NISHIKANT GAMRE

"There is need for a law with specific focus on co-processing. All we have is a guideline issued by the Pollution Control Board"

Ulhas Parlikar, Director, AFR Business, ACC

GREEN MANUFACTURING

Co-processing...

Cuts green house gas emission: Thermal substitution of coal with waste up to 40 per cent in a million-tonne cement plant will reduce CO_2 emission by 100,000 tonnes

Saves fossil fuel: Considering India's kiln capacity of about 300 million tonnes, even a five per cent substitution will save 2.5 million tonnes of coal annually

Disposes hazardous waste safely: It is the most environment-friendly way to dispose hazardous waste as it recovers energy from the waste and leaves no residue

Saves money: There is no need to invest in incinerators and landfills to dispose the hazardous waste that India generates. India's present cement kiln capacity is good enough for the next decade or more

Dharmakrishnan, Executive Director, Finance, Madras Cements.

There is a complete disconnect between the user and the giver. Cement firms believe that they are doing the polluting industries a favour by disposing their waste safely. But the industries which give away the waste maintain that they are, in effect, giving the cement plants something that goes to replace fuel and saves money. They see nothing wrong in charging a price for the waste.

"What waste generating industries do not realise is that a cement plant has to invest around Rs 4 crore to create the necessary facilities to process this waste," says P.B. Ravikumar, CEO, GMV Projects & Systems, which specialises in designing and installing alternative fuel handling systems for cement plants in India and abroad. Resolving this tangle is crucial for the success of co-processing in the country, he adds.

The other significant challenge is the legal framework. India continues to accord the same importance to incineration and landfilling as co-processing despite its obvious advantages. There are also no targets for the cement companies for thermal substitution. "There is need for a law with specific focus on co-processing. Today, all we have is a guideline issued by the Central Pollution Control Board (CPCB)," says ACC's Parlikar. A law, it appears, will have to wait till the CPCB completes its trials. "We are quite positive on co-processing. Trial studies are in progress on all types of waste that can be co-processed. Within one year we will have a clear idea of what to co-process and what not to. Only after this is done can we look at anything more than a guideline," explains Professor S.P. Gautam, Chairman, CPCB. He adds confidently, "Within two years, 100 per cent of all the hazardous waste generated in the country will be co-processed." If one looks at the conditions on the ground, he is quite an optimist indeed. ⊙

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Bhupinder Singh Hooda, 63

FAMILY: Wife, a son and a daughter

EDUCATION: BA and LLB

WORK EXPERIENCE: Elected to the Lok Sabha four times (in 1991, 1996, 1998 and 2004); twice elected to the state assembly; agriculturist and advocate by profession

PASSIONS: Reading and sports (colour holder in lawn tennis; cricket and badminton are his other favourite games)

SHEKHAR GHOSH/www.indiatodayimages.com

Every second car and motor bike, every third bicycle and a majority of the tractors, refrigerators and other consumer durables made in India are produced in Haryana. Gurgaon has emerged as the third-largest information technology (IT) hub in the country after Bangalore and Hyderabad; IT and IT-enabled service exports from the state crossed Rs 22,000 crore in 2009-10. Haryana raced ahead of Gujarat, Maharashtra and Tamil Nadu in implementation of investments pledged during 2008-09, achieving 70 per cent conversion rate.

And yet, quality of life is very poor for office-goers and residents of Haryana's star town Gurgaon, which is now on the world map. Traffic jams, power shortages, water supply...the list of headaches goes on. Haryana's only chief minister to have returned to office after a five-year term, **BHUPINDER SINGH HOODA,** *says he will not only fix Gurgaon's problems but also create five such cities minus its woes. Hooda discussed his plans for the state as well as its problems and achievements in an interview with* **BT'S PUJA MEHRA.** *Edited excerpts:*

On the acute deficit of infrastructure in Gurgaon:

We have developed a new Master Plan for Gurgaon. We are spending about Rs 700 crore to develop the old Gurgaon area. By this year-end, a new canal will start supplying 500 cusecs of water to Gurgaon, making it self-reliant on that front. While multilevel parking lots are being built to ease pressure, exit channels into the highways are being created to ease the traffic problems.

We are going to give Haryana five more "Gurgaons" — at Rohtak,

"We will have five more cities like Gurgaon, but won't repeat its mistakes"

Faridabad, Ambala, Hisar and Kharkhoda. This time all the plans for the infrastructure have been worked out beforehand for these new "Gurgaons" that will be industrial model townships, or IMTS.

On the slow pace of progress in special economic zones (SEZs):
We have received proposals for setting up 100 SEZs of which 94 are in the National Capital Region (NCR). Of the proposals, 70 are in the IT sector, 11 multiproduct, 14 single product and five are multiservices SEZs. The Centre has approved 46 proposals, including 34 in the IT sector. Progress has been slow, but I am sure it will pick up. Three SEZs have already started operations and five more are in various stages of implementation.

On severe power shortages:
When I assumed charge, we had availability of about 4,000 MW capacity. Factoring in a 9-10 per cent growth in demand, there will be no shortages after two years. This is because five mega power generation projects at Yamunanagar, Hisar, Jhajjar (two) and Faridabad are on the anvil. Of these, the first two have already been implemented and the rest will be ready in five years.

Considering the load growth in the NCR and keeping in view the environmental concerns, we are phasing out the 3x55 MW coal-based thermal power plant at Faridabad and requesting the Centre for allocation of gas on priority for a 1,500 MW gas-based plant at Faridabad.

Besides, from 2011-12, the Haryana Power Generation Corporation will draw 1,450 MW from the Ultra Mega Power Projects (UMPPS) being developed around the country. Last October, the Centre gave an in-principle approval for a 2,800-MW (4x700 MW) nuclear power plant to be built by the Nuclear Power Corporation of India in Fatehabad district. Under the first phase, 2x700 MW generation capacity should come up by 2017-18.

On missing deadlines for mega infrastructure projects:
I agree there have been slip-ups in implementation of several mega infrastructure projects. I have put all such projects on the fast track and constituted a Cabinet Sub-Committee on Infrastructure for facilitating quick decision-making and close monitoring of those projects.

The original completion sched-

ule for the Kundli-Manesar-Palwal (KMP) Expressway was July 2009. But it will take another year to complete. By November 1, 2010, the first phase will be ready. The delay has been due to a number of reasons, including litigation, laxity of the concessionaires, modifications in the designs by the National Highways Authority of India (NHAI), and delays in approvals from the Railways for overhead bridges.

Please don't forget that the Eastern Peripheral Expressway (the 105-km Kundli-Ghaziabad-Noida-Faridabad expressway), which is being implemented by the NHAI, is far behind schedule. Then, we have also initiated a number of projects for upgrading the state/national highways, including the Gurgaon-Faridabad Highway and six-laning of the Delhi-Rohtak segment of NH-10.

On weak trunk infrastructure and concern over delays in the Haryana stretches of the Delhi Mumbai Industrial Corridor (DMIC), especially the KMP Expressway:

I believe we are amongst the fastest states progressing on the DMIC. We have finalised the four Early Bird Projects out of which three have been taken up by the DMIC for pre-feasibility study. The delineation of the Manesar-Bawal Investment Region has been completed and master planning is underway. This will facilitate the development of trunk infrastructure in the state. We have already identified land for an exhibition-cum-convention centre for which the ownership model is being discussed with the Central government. We have also finalised the location for a logistics hub along the dedicated freight corridor. The Dedicated Freight Corridor Corporation of India (DFCCIL) kept on revising the alignment of corridor through the state. Since it has now frozen the plan, we will also finalise the site delineation for the logistics hub shortly.

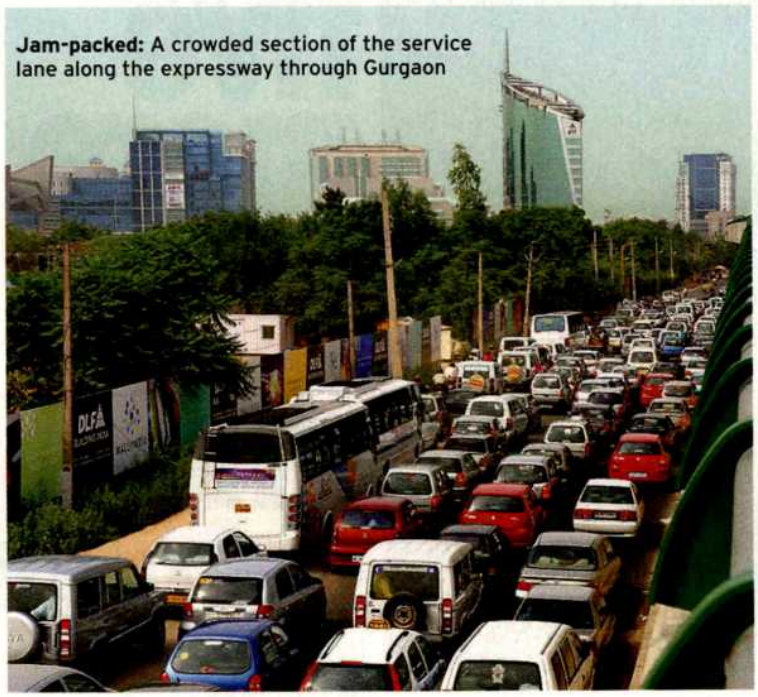
Work is underway for the other major initiatives within the DMIC sub-region. The DMIC is working on the plan for tapping the flood waters from Tajewala Barrage to augment the water supply for the Manesar-Bawal Investment Region. The Airports Authority of India (AAI) has approved the site shortlisted by us for a cargo airport, and we have formally approached the Ministry of Civil Aviation for its clearance.

On the new industrial policy to be unveiled in September 2010:

It would be a comprehensive industrial and investment policy. We will offer single window deemed clearances in the shortest time. Focus will also be on public-private partnerships for facilitating infrastructure development, skill development, labour welfare and greater interaction between the government and the industry.

On competition from Noida and Greater Noida owing to lower wage costs:

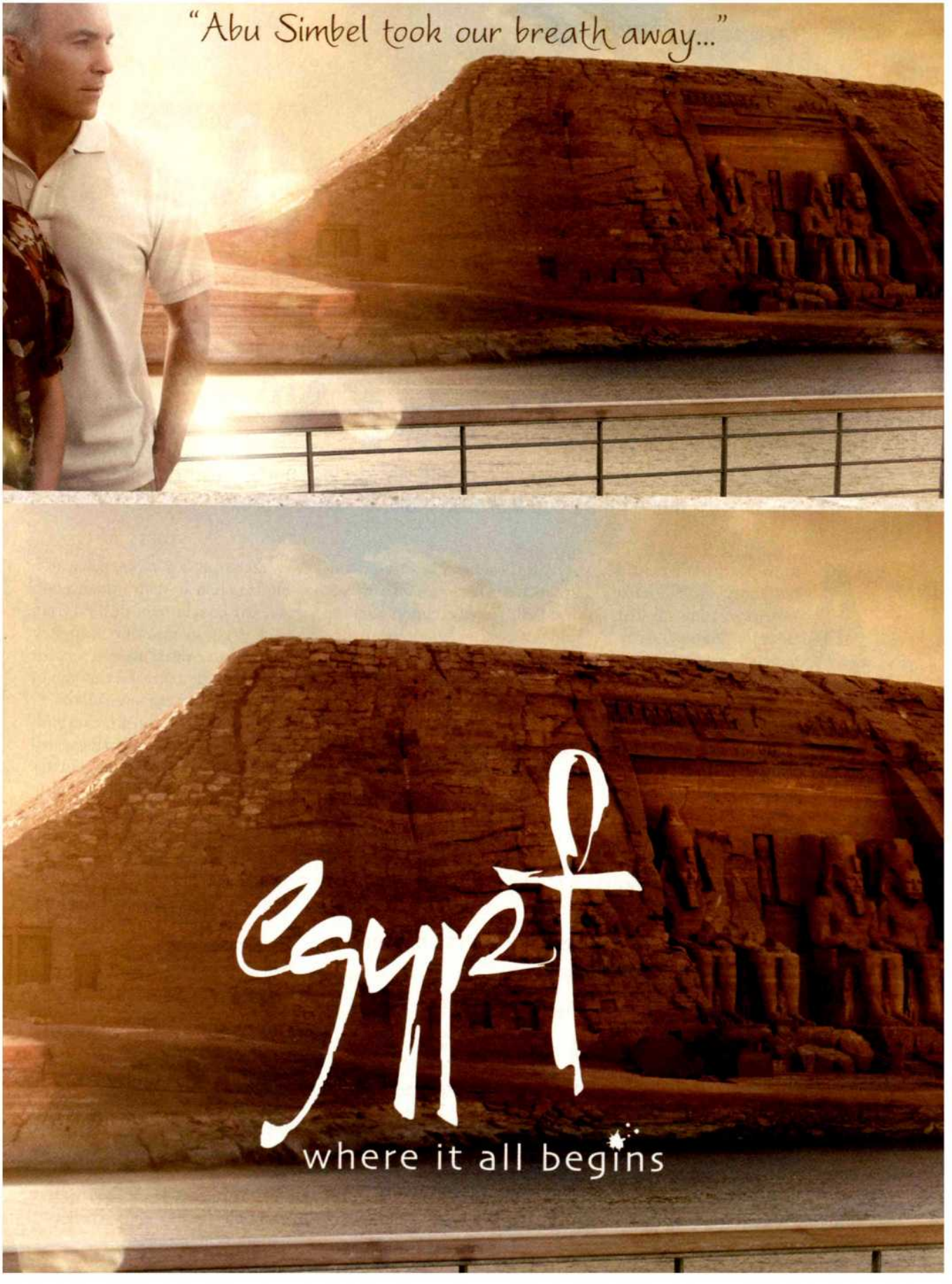
I am really surprised that you should raise this issue particularly when my people are enjoying the benefits of a growing economy, higher standards of living and salary packages. My government has chosen to raise the minimum labour wage rates to facilitate equitable growth. We have also revised floor rates and announced annuity payments for compulsory acquisitions of land by the government under the Rehabilitation and Resettlement Policy. This has afforded better compensation and continued livelihood to farmers. ⊙



Jam-packed: A crowded section of the service lane along the expressway through Gurgaon

On the state being the country's top industrial investment destination:

In 2005, Haryana was ranked 14th on industrial investments received by states and today it is No. 1. During the last five years, we attracted investments worth Rs 45,000 crore. The pipeline has Rs 1 trillion. A recent study by ASSOCHAM showed Haryana achieved 70 per cent implementation rate for investments pledged during the economic slowdown of 2008-2009 ahead of states like Gujarat, Maharashtra, Tamil Nadu and Karnataka.


"Abu Simbel took our breath away..."
Egypt
where it all begins

HOME SICK

Poorly skilled construction workers and world-class home fitting brands make for an odd match in India. BY SHALINI S. DAGAR

Aman Kathuria would probably agree with American labour leader George Meany, who famously said: "Anybody who has any doubt about the ingenuity or the resourcefulness of a plumber never got a bill from one." Well, for Kathuria, the Managing Director of BG Steels, a company from Bhiwadi, Rajasthan, substitute the plumber for the electrician or mason. He is caught in the middle of building his second home.

Caught is the right word. Since February 2009, he has been remodelling two 3,000 square feet penthouses into one in the posh Heritage City enclave of Gurgaon. He was hoping to move in last Diwali, but after a year and a half and with his renovation budget already double, he is now pinning hopes on moving into the reworked apartment this Diwali.

Not just cost and time overruns, Kathuria has had to deal with shockers, too. For instance, he got a jolt when the masons forgot to leave room for wiring in a steam room. "Now that wall is clad in stone. We need to break it down and again rework it," he trails off.

If this sounds like regular construction site folklore, then consider this: Delhi-based architect Sandeep Uppal recounts how one rushed night the absence of the foreman and the supervisor meant that the elevator at one of his construction sites was fixed upside down. "It cost us a bomb, and not to forget the delays. The whole thing had to be torn down," says Uppal.

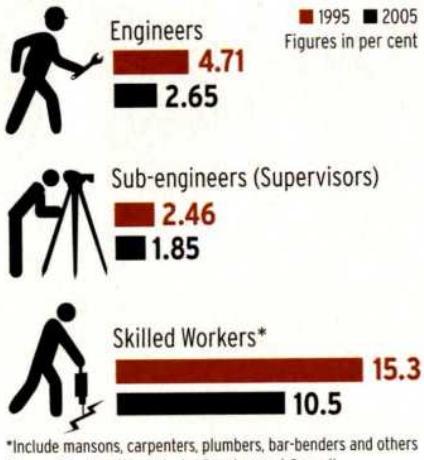
It is such lack of ordinary skills in plumbers, carpenters, masons, electricians and other construction workers in India that has house owners and construction companies alike blowing a fuse. With urbanisation slated to double in the next 20 years and the construction industry expected to grow at over 30 per cent over the next 10 years, this gap in skills is going to hurt even more.

To be sure, the construction business has always been characterised by a low level of professional, but this has only become worse. According to estimates by Construction Industry Development Council (CIDC), a joint effort of the industry and the Planning Commission, the percentage of unskilled persons rose from 73 per cent in 1995 to 82 per cent in 2005. The trend, reckon experts, has not improved much since 2005.

That can be grim. Sudhakar Nair, President of Indian Plumbers Association, or IPA, says that of all the plumbing projects in the country, "hardly 10-16 per cent work is handled by professionals compared to 75-80 per cent in the developed world". Most of the nation's plumbers are casual labourers, who have learned the trade on their own or through working with experienced plumbers, he reckons.

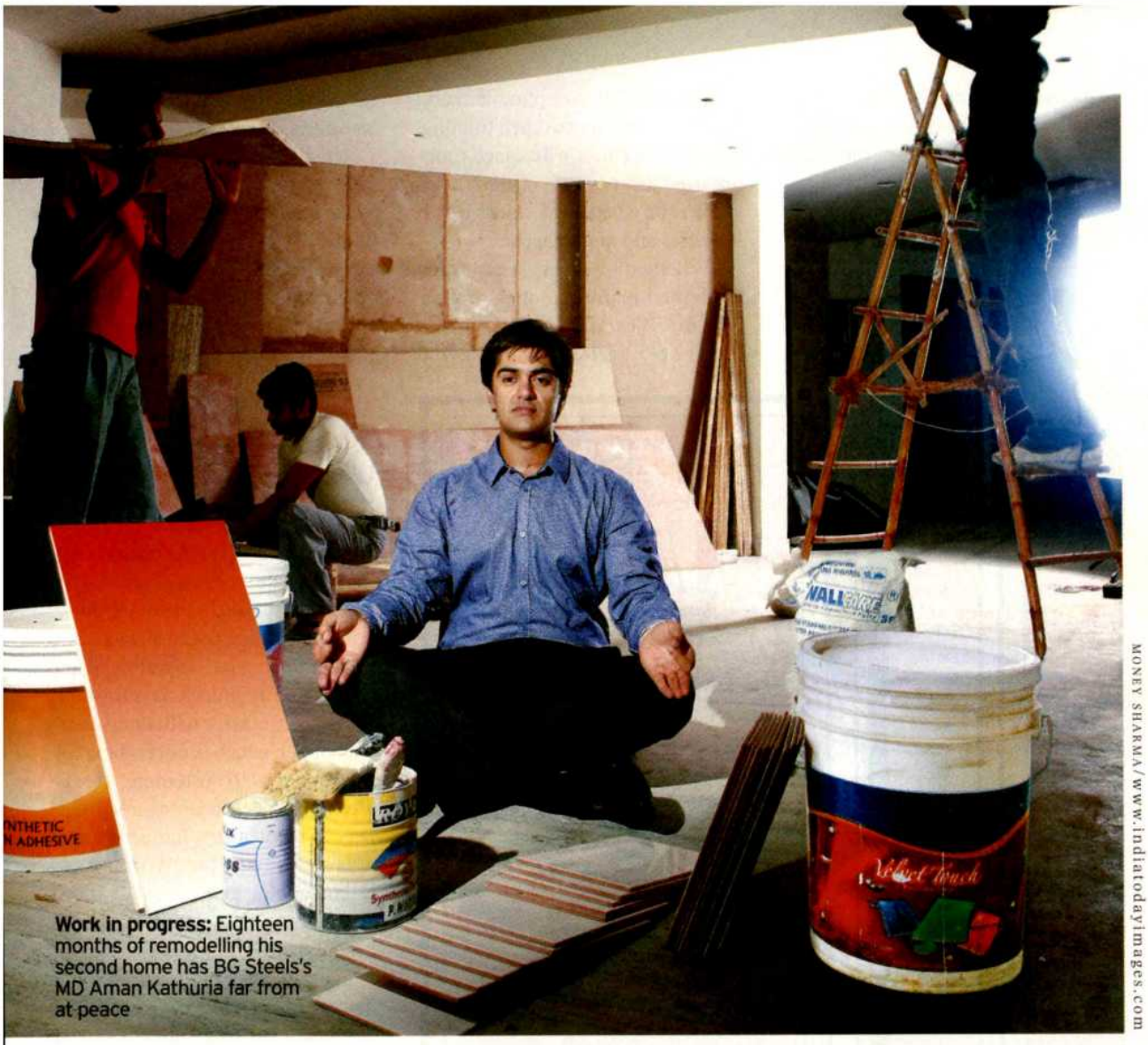
Uppal, who has now spent over two decades as an architect, says

Dropping Professionalism



*Include mansons, carpenters, plumbers, bar-benders and others
Source: Construction Industry Development Council

KULDEEP



Work in progress: Eighteen months of remodelling his second home has BG Steels's MD Aman Kathuria far from at peace

MONEY SHARMA/www.indiatodayimages.com

the quality of people working in the industry fell during the last decade, as overseas opportunities in the Gulf countries and elsewhere caused a flight of skilled labour from India. "Now in the past two years, one can see an 'upcurve' again," Uppal says, with some relief.

That relief is echoing in an emerging quarter in the Indian construction business — that of top-end home fitting brands which count demand for some three million middle class and rich homes as a lucrative market. Top brands such as Kohler, Lingel and Cata have had a presence in India over the past few years, selling wares like taps, windows and exhaust fans. But they grapple with the possibilities of brand erosion due to poor installation. "We struggle day in and out to ensure a good customer experience," says a senior executive of a leading brand, insisting he or his employer not be named.

Many of the home fittings companies have then simply got into the trenches. For instance, German sanitaryware brand Grohe, which is present across 100 cities in India and expects revenues of over Rs 500 crore by 2012, ensures that those installing its products are trained well. Vice President and Managing Director Mathew Job says that as part of its "pre installation guidance" in India, Grohe deputes a technician to the customer premises. "This sort of guidance is not needed in every country," says Job. The company last year collaborated with Don Bosco Institute of Technology to start the Grohe Jal Academy at Kurla in central Mumbai for imparting such training.

Fenesta, the Indian brand for unplasticised PVC, or UPVC windows, does the same. "We impart both technical and behavioural training. This training to European standards also creates an incentive for these workers to remain with us, as they end up upgrading themselves professionally," says Sandeep Mathur, the company's Business Head for UPVC Doors and

Windows Systems. Such initiatives, he believes, will help organised players corner a bigger share of the home fittings market.

Häfele, another German home fittings brand that looks to clock Rs 100 crore revenues in India this year, has two training centres in Bangalore and Mumbai and will invest in another two in Delhi and Bangalore by the end of the year to reach out to more carpenters. "This is a slow and systematic process that will have to continue for many years to be truly effective in spreading the much-needed know-how," says Jurgen Wolf, Managing Director of Häfele India, adding that his company is using interactive software in such training. Architect Uppal says that such training even for a couple of days helps workers do a better job, and is worth the effort and money spent.

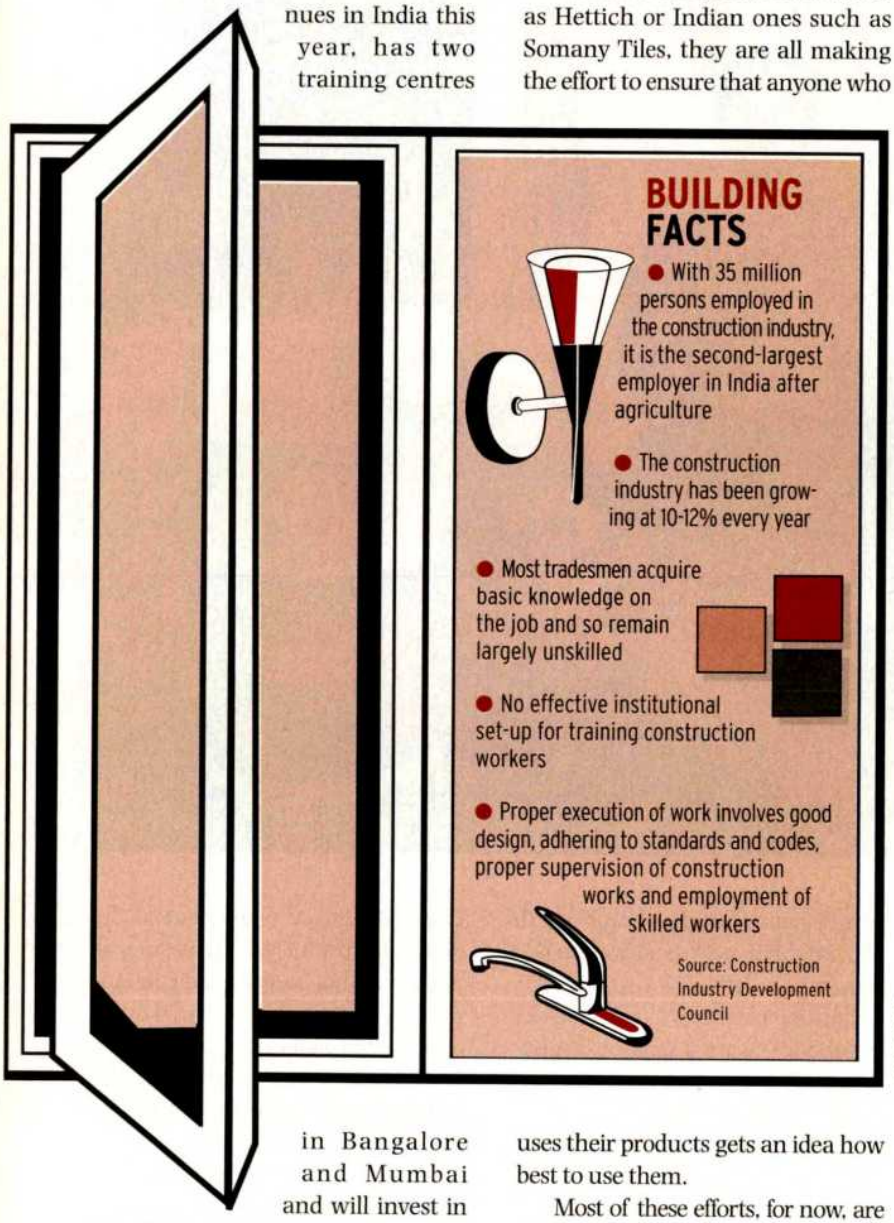
Whether it is global brands such as Hettich or Indian ones such as Somany Tiles, they are all making the effort to ensure that anyone who uses their products gets an idea how best to use them.

Most of these efforts, for now, are at the top end of the market. Mukesh Sharma, owner of MLS & Co., a Gurgaon-based dealer of high-end bathroom fittings who provides add-on services to his clients, has been toying with the idea of extending such services to the value conscious consumer. But he has not taken that leap of faith yet because the numbers do not as yet make economic sense. "Perhaps, a year down the line," says Sharma. He believes that it is also the case of consumers not willing to pay for the cost of, say, the electrical, masonry and the carpentry for the refurbishment of a room in addition to the cost of fittings. Indian consumers want the details of the works separately, which becomes too much of a hassle.

Elsewhere, industry organisations such as CIDC or IPA are attempting to put in place some overarching industry standards — like the Uniform Plumbing Code of India — in a bid to close the skill gap in the construction market. But the design of some of the government-aided schemes is inherently flawed due to the lack of sufficient industry participation. These ongoing programmes, says Gayathri Vasudevan, advisor with Bangalore's LabourNet, which connects blue collar workers with customers, "need a mechanism for market signals to flow back to the workers. Industry standards change very fast. Workers need to know what is expected of them, and how these new practices can benefit them".

Vasudevan believes there is demonstrable positive impact on the workers's earnings after training; they are smart enough to take that extra effort. LabourNet chalked up some success with training some 180 masons and plumbers for rainwater harvesting, which was recently mandated by the government in Bangalore. Another successful scheme has been training carpenters with the help of power tools manufacturer Bosch. After such training, many carpenters have taken bank loans, which are part of the scheme, to buy these tools.

These changes are welcome, but until they scale up and seep into large parts of urban India, many like Kathuria will be kept away from their dream homes — perhaps even this Diwali. ⊙



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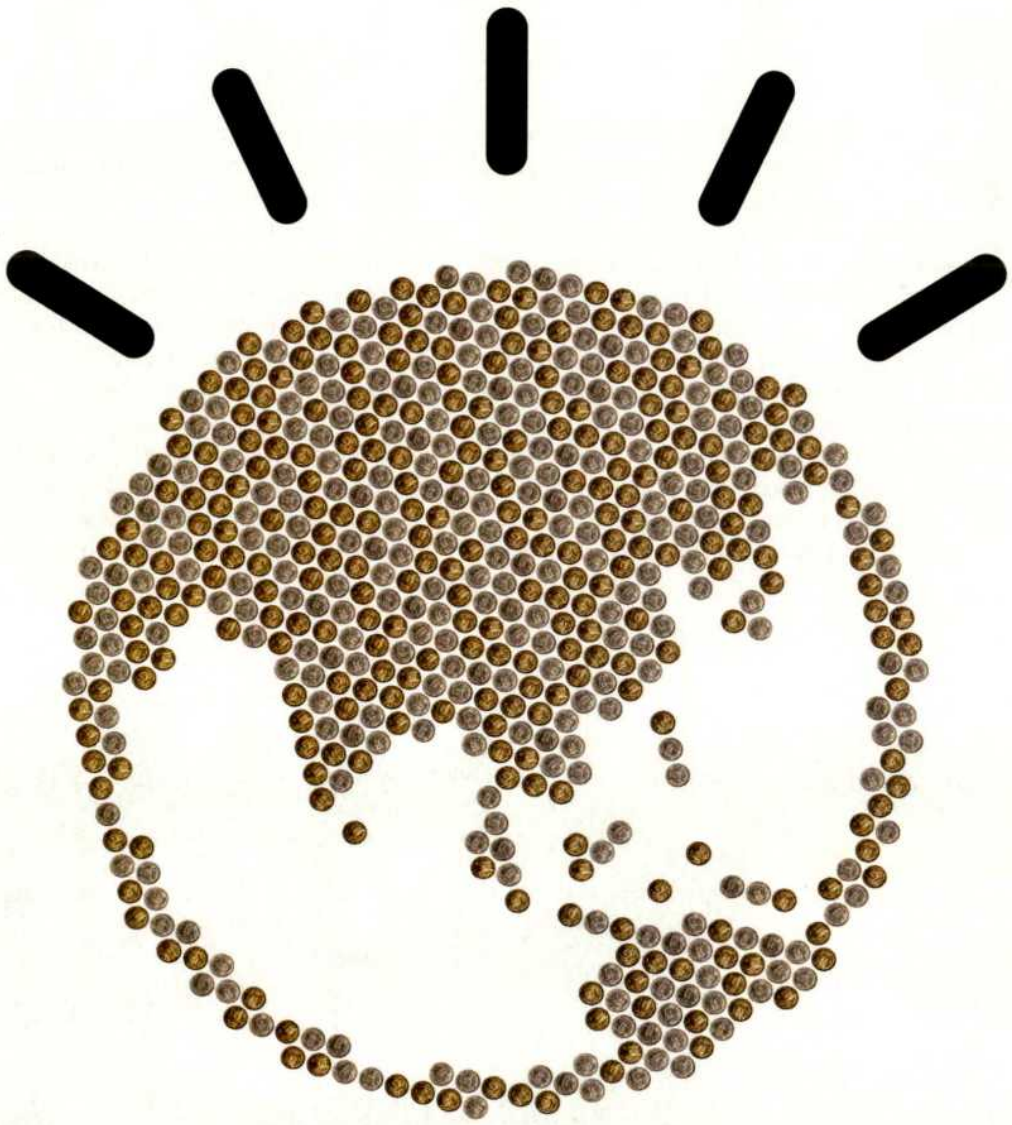

How small change is transforming an entire economy.

In India, an estimated 70% of businesses and individuals lack access to basic financial services. In other words, there are close to 500 million people without savings, credit or the means to better living. On a smarter planet, financial service providers can optimise their information platforms and create efficiencies that would allow them to make their services readily accessible to people who really need them.

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To think it was intended to showcase the India Shining story to the world at large. It's now fast morphing into a cliffhanger no Indian would have wanted. Can India prevent the Games from becoming an unmitigated disaster? We'll find out soon enough, but the country is already paying a huge price for what may well be a no-show by Indian Olympic Committee Chairman Suresh Kalmadi and his troupe. At last count, the cost for the Commonwealth Games was an eye-popping Rs 30,000 crore. Yes, there's the familiar stench of graft and crony capitalism that has bedevilled independent India. UPA Chairperson Sonia Gandhi has said that heads will roll after the Games and, indeed, they must.

Amidst the shroud of gloom there is little to write home about. And yet, hidden away from the media glare, there are a few projects that promise to make a difference on the ground in the capital New Delhi. Take the Ring Road bypass, for instance, which will ease congestion on the busy ITO-ISBT stretch in the Indian capital. Or the Kushak and Sunheri *nullah* (or drain) parking project, which could be replicated in other metros to ease their parking woes. Or the eco-friendly Thyagaraj stadium, which sets a few "green" benchmarks.

This, of course, in no way means condoning the utter mismanagement of the Games' preparation. Instead, it only gives a glimpse of what may have been if India had put its best foot forward. Read on to discover how five projects will make a telling impact on the ground.

STILL

Drain Gain

Delhi's streets are bustling with about 60 lakh vehicles — the largest for an Indian city — but it is woefully short of parking space. How could the capital's administration come up with parking space for some 800 buses it was buying to ferry sportspersons from the Games Village to stadia?

The Municipal Corporation of Delhi (MCD) decided to build parking bays near the Jawaharlal Nehru Stadium by covering two huge drains — Kushak and Sunheri — in the vicinity. Although the stadium has its own parking, it's not big enough for the buses that will ferry players from the Games Village. And since the Lodhi Road neighbourhood, where the stadium is located, is already very congested, the MCD decided to make use of the drainage area for creating parking space.

The project is now complete and will be handed over to the MCD soon. The Sunheri *nullah* parking, which is 940 metres long, can accommodate up to 350 buses and the Kushak *nullah*, which is over 1 km long, has room for 450 buses. After the Games, the Sunheri *nullah* parking will be used by visitors and employees working at the Central Government Offices (CGO) Complex located in the vicinity.

"The *nullahs* are used either as dumping pits or are encroached by builders and slum dwellers. This is a novel experiment which could ease the parking problems in big cities and could also be huge revenue earners for the exchequer," says Piyush Agrawal, General Manager, Buildings and Infrastructure, Punj Lloyd, the company that was involved in both design and construction of the project.

Indeed, experts feel this is one of the few Commonwealth Games projects which can be replicated across the country.

Despite the gloom surrounding the Commonwealth Games, there are some projects that shine and promise to change the face of Delhi forever. BY MANU KAUSHIK

GAME

PHOTOGRAPHS BY SHEKHAR GHOSH/WWW.INDIATODAYIMAGES.C

Decongesting Delhi

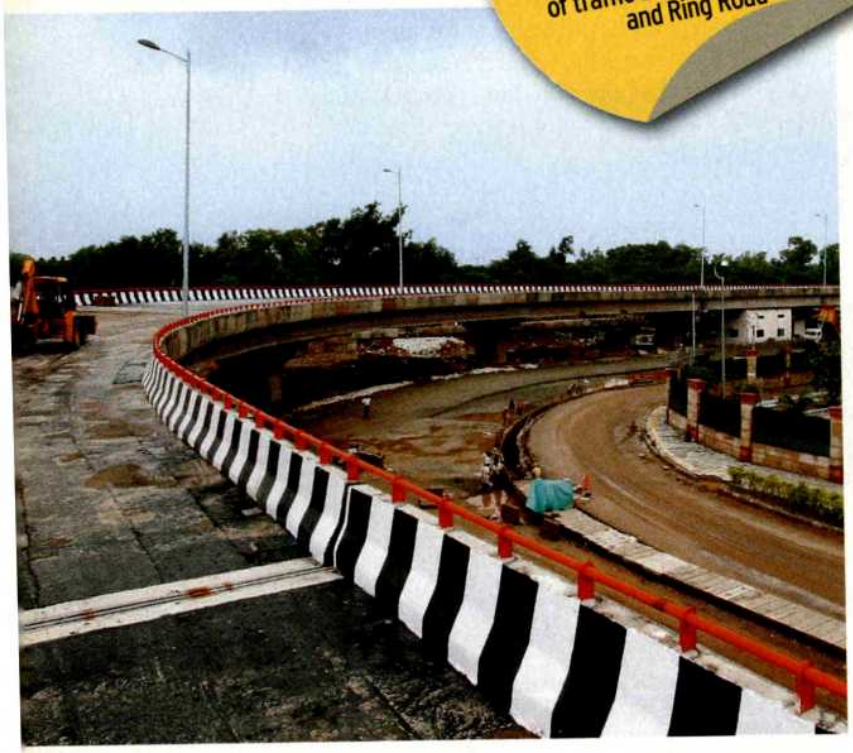
This will make life a lot easier for the long-suffering Delhi commuter. The Ring Road Bypass, from Salimgarh Fort to the Yamuna Velodrome Road, will be opened to the public soon and will bring down the peak hour commuting time between a high traffic bus terminus (commonly called ISBT) and Central Delhi to about 10 minutes from 30 minutes now. It's part of the Commonwealth Games project and will ferry participants from the Games Village to the Chhatrasal Stadium and Ludlow Castle, the venues of various sporting competitions.

Ring Road Bypass

COST: Rs 650 crore

BENEFITS: Reduce traffic congestion between ITO and ISBT Ring Road

Will ensure uninterrupted flow of traffic between East Delhi and Ring Road



The signal-free 5.5-km elevated corridor will ease the traffic congestion on the adjoining Ring Road stretch as well by diverting almost 80 per cent of its traffic. On an average, the traffic volume on the Ring Road between ISBT and ITO in Central Delhi is between 35,000 and 40,000 passenger car units (PCUs) a day. This should reduce to 7,000-8,000 PCUs a day. Four loop lanes and four slip roads along the bypass are specially built to ease the traffic flow.

The bypass is built with pavement-quality concrete (PQC) roads. "Even under heavy traffic, PQC roads last for over 30 years without any major maintenance whereas the normal bituminous roads require heavy maintenance and yet have a life of less than 10 years," says S.K. Pal, Project Manager, Simplex Infrastructure, which is handling the project.

The Games Go Green

It promises to be the showpiece of th Commonwealth Games. It is the fir of its kind in India and amongst only a handful across the globe. Sprawled over 6,000 square metre the Thyagaraj Sports Complex is intended to be a model "green stadium" ar will host the netball event (after the Games it will host badminton, table tennis and basketball tournaments as well).

The eco-friendly sports complex sets a few "green" benchmarks. It is the only stadium in the country constructed on the "green building" concept and is powered by a one-megawatt (MW) solar plant. Another 3.5 MW will be generated through a CNG-fired turbine. After the Games' curtain-call, the solar energy generated will be used within the complex and also feed electricity into the grid.

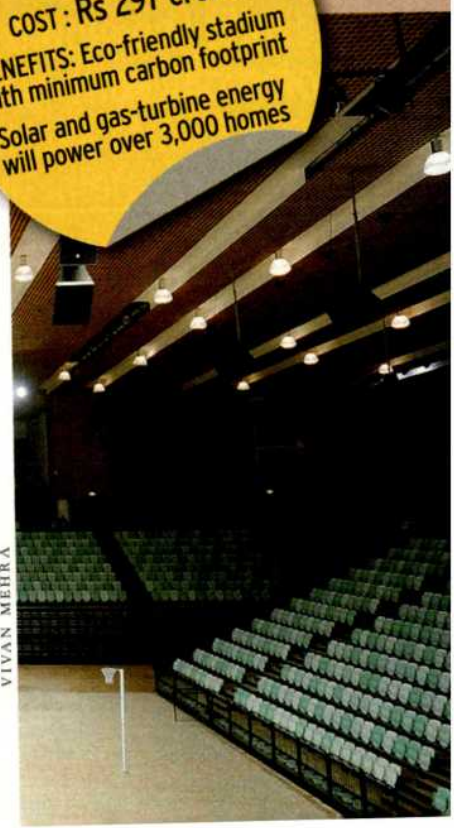
There's more. The stadium has effective rainwater harvesting systems installed. Water harnessed thus, together with water recovered from a sewage and effluents treatment plant, will be used for horticulture

Thyagaraj Sports Complex

COST : Rs 297 crore

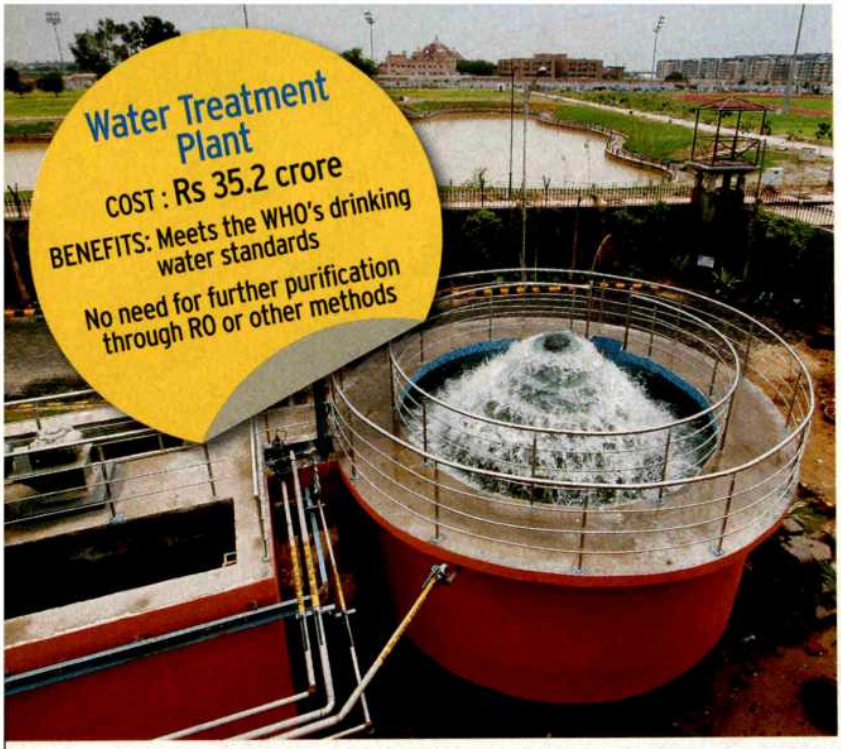
BENEFITS: Eco-friendly stadium with minimum carbon footprint

Solar and gas-turbine energy will power over 3,000 homes



VIVAN MEHRA

Anurag Kashyap's life is a life less ordinary. And at Ahuja Constructions, we believe



"First World" Water

A stone's throw from the Akshardham Temple and a short drive from the capital's central business district Connaught Place, the Commonwealth Games Village will be home to over 8,000 athletes and officials from 71 countries. It may be risky to wager on the Village becoming inhabitable by October, but on one count, at least, the visitors may not have a grouse. All stops are being pulled to ensure that the guests have access to potable, "first world" water.

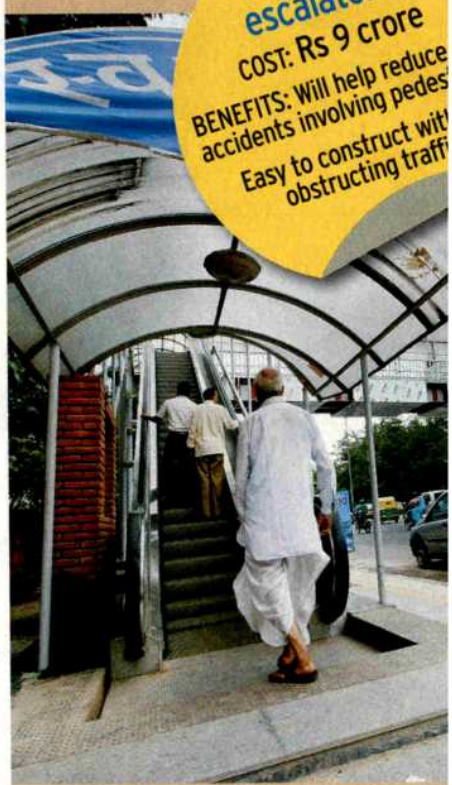
The Delhi Jal Board has set up an automated water treatment plant (WTP) inside the village capable of producing one million gallons of purified water per day. This new WTP has multi-stage filtration and the processed water will best the standards of all the municipalities of the country and, officials claim, is equivalent to the World Health Organisation's (WHO's) drinking water standards. "It's the first time any government body has built a WTP of this scale using this technology to supply potable water for mass consumption," says Vivek Hemmady, Chief Manager, Construction, VA Tech Wabag, the water treatment firm involved in the construction and maintenance of the plant.

After the Games, the plant will service residents of the village and adjoining areas. At a cost of Rs 13-14 per 1,000 litres, the water from the new plant will be 30-40 per cent costlier than the conventional filtration process various municipal bodies use across the country. "Today, many households have installed reverse osmosis (RO) systems that can only be used for drinking and cooking purposes. With this plant you don't need a separate RO system," says Hemmady. He believes upscale residential blocks wouldn't mind paying more and there will be a growing demand for such WTPs in the country.

People Thoroughfare

It's a pet project of Chief Minister Sheila Dikshit. Soon, a maze of open air escalators will dot the capital *a la* Paris, New York and London. Already, with an eye on the Games, there's been a flurry of activity over the past couple of years with 18 such escalators coming up on busy roads in Delhi.

Foot overbridges with escalators are being preferred due to the failed experiment with subways, which city residents are increasingly wary of using due to incidence of crimes.



"Over the last few years, due to their high construction costs and safety issues, subways have fallen out of favour," says Uday Kulkarni, Managing Director of elevator and escalator maker Schindler India. ⊙

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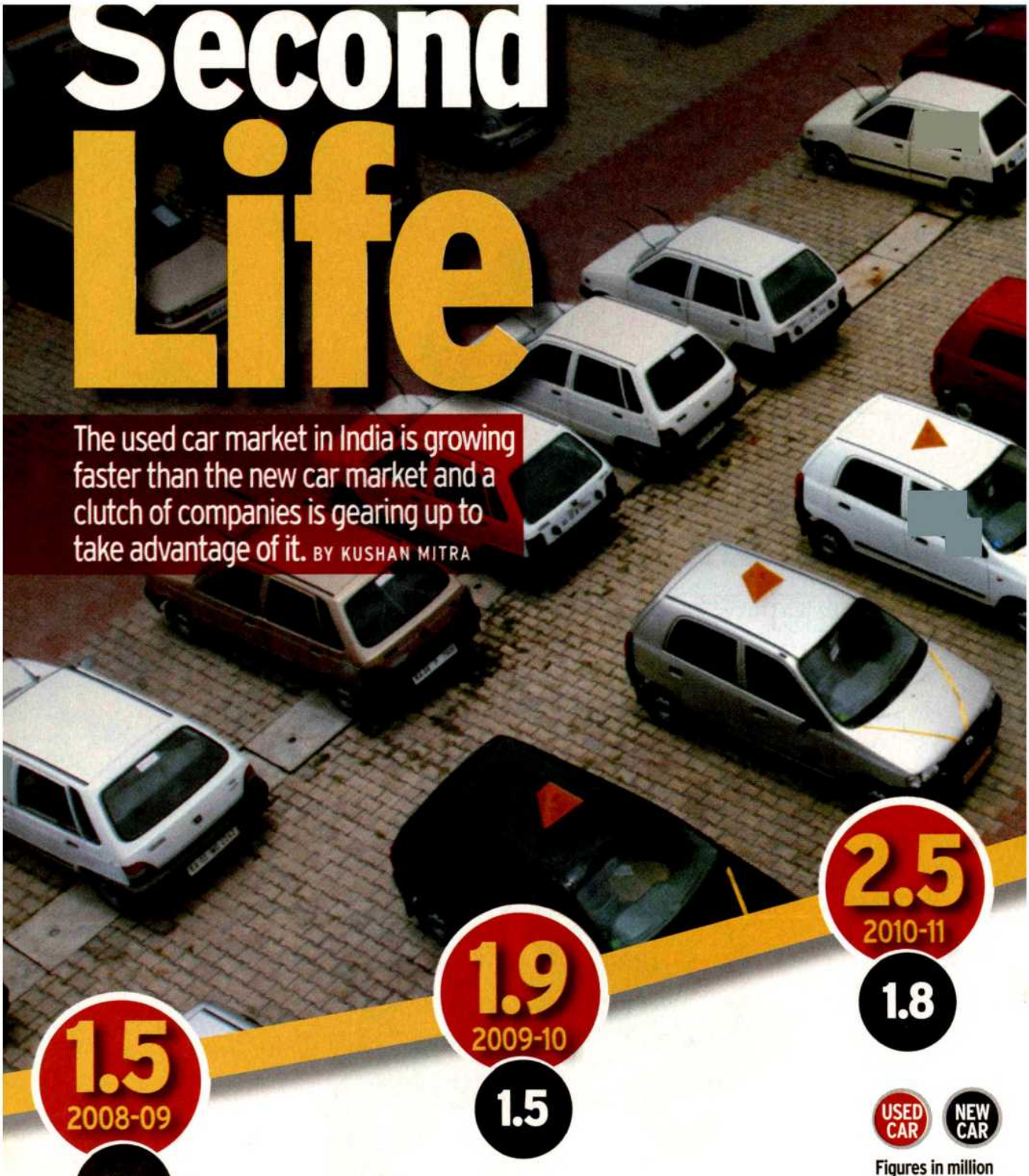
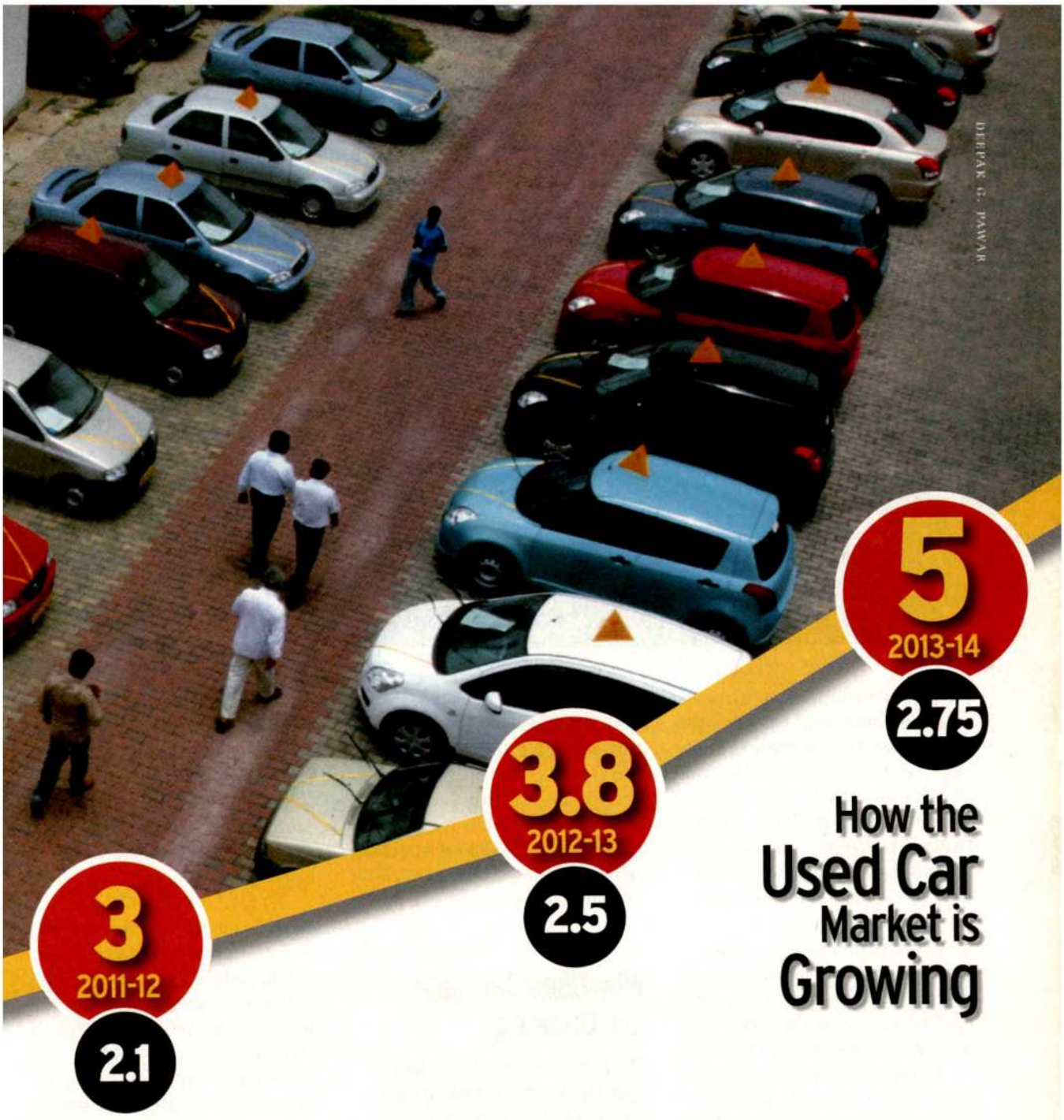
Second Life

The used car market in India is growing faster than the new car market and a clutch of companies is gearing up to take advantage of it. BY KUSHAN MITRA



In 2009-10 the used car market was estimated to be worth between Rs 8,000 crore and Rs 14,000 crore*
By 2014-15 the used car market will be worth close to Rs 50,000 crore

*The large spread is due to the large unorganised sector, which accounts for 85-90 per cent of the used car market
Source: Industry estimates

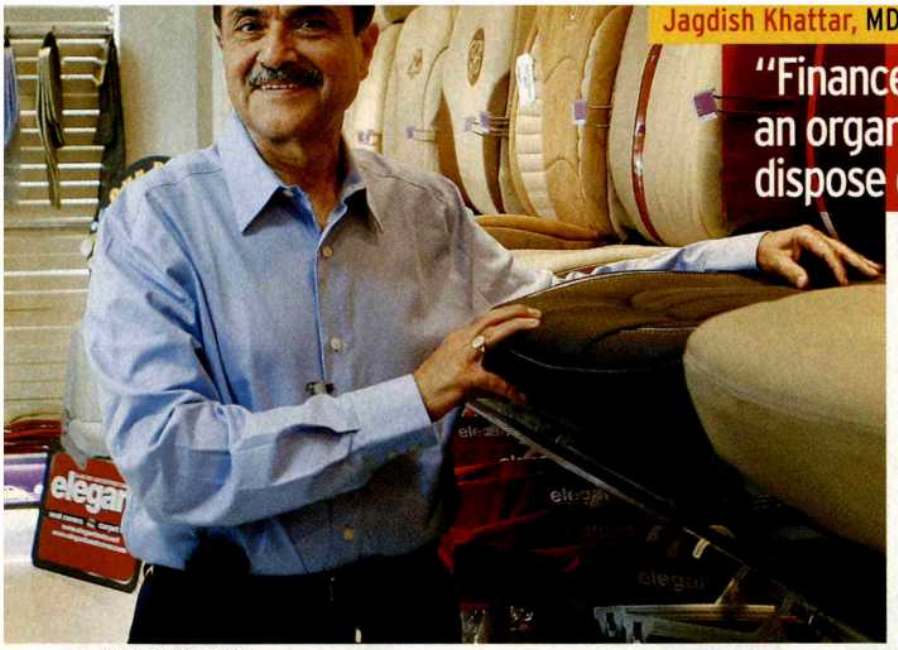


How the Used Car Market is Growing

Last year, over one-and-half million brand new passenger cars were sold in India, a record year for car sales. During the same period, close to two million passenger cars were sold on used car lots. Even as industry executives expect the new car market to double in sales to three million units by 2015, they are wagering that used car sales will grow to between six and eight

And it's not just about the volumes. The market for used cars is worth between Rs 8,000 crore and Rs 14,000 crore, says Vikas Bajaj, Partner, Booz and Company, a research and consultancy firm. Yet, the large spread of the number belies the biggest problem facing the used car industry — it is a largely unorganised sector. Estimates by companies operating in the sector point out that the organised segment accounts for only

Rajeev Dubey, President, HR and After-Market at Mahindra and Mahindra (M&M), says that close to two-thirds of the used car market is consumer-to-consumer (C2C) sales, which operate mainly through word of mouth or classified advertising in newspapers. The rest of the used car sales comes from the "broker" network — usually roadside car mechanics and specialised small used car operations.



SUBIR HALDER

Jagdish Khattar, MD, Carnation

"Finance companies need an organised system to dispose of vehicles"

has grown, there are clear trends of more and more used car sales getting pushed into the organised sector. The first, explains Mayank Pareek, Executive Director of Sales and Marketing at Maruti Suzuki India Ltd (MSIL), is security. "Changing the ownership paperwork for the car is not an easy process. The seller is liable if the car is used in criminal activity until the ownership papers get transferred. And the buyer is not sure of the car's antecedents. Is the car stolen? Has the loan been paid off," asks Pareek.

The other factor that will propel the growth of the used car market is elucidated by Pareek's old boss Jagdish Khattar, who has now started Carnation, a multipurpose chain of car sales and service outlets. "Every month, finance companies repossess between 500 and 600 cars across India. Add leasing companies and the number increases to close to 1,000 vehicles of various makes. They need an organised system to dispose of these vehicles," says Khattar, MD of Carnation.

Also, used car outlets help manufacturers do two things, argues Khattar: One, sell more new cars as part of a trade-in or exchange, and, two, determine the price of the used car segment. MSIL operates Maruti True Value, a network of used car outlets which retails used Maruti cars. According to Pareek, the chain sold over 163,000 vehicles in 2009-10, which would have made it India's fourth-largest automotive retailer in its own right. The chain has 345 outlets across the country, a hundred fewer than Maruti's new car sales points. But with the number of cars on the road increasing, Pareek expects that the number of True Value outlets will soon exceed Maruti's new car outlets by a substantial margin.

Maruti is not the only car manufacturer sniffing an opportunity in the space. Hyundai Motor India Ltd (HMIL), the country's second-largest passenger car manufacturer, started Hyundai Assured in 2005. Last year it sold 3,000 cars, which, like Maruti, were certified by the company. The process of certification, according to an HMIL spokesperson, gives the car buyer "peace of mind".

Maruti and Hyundai also give the car a limited warranty to assure buyers. But importantly, Hyundai also has an exchange scheme where car owners can come with any brand of car and trade it in for a Hyundai product — 14,000 such exchanges happened last year. Maruti uses its exchange scheme successfully as well. Pareek says that cars as little as a year old are often brought into True Value outlets, and he describes these sellers as "win-back" customers. But these cars are not certified, and are usually disposed of in the used car market through brokers or auctions.

This is where Dubey and Khattar feel they will fit in. M&M already runs a chain of 127 multibrand used car outlets under the First Choice brand and Dubey says that they sold over 18,000 vehicles last year. He

Why Used Car Sales are Growing

The number of vehicles on Indian roads is increasing, making more cars available to used car buyers

The replacement cycle for cars will fall; from five years currently to about 3.5-4 years by 2015

The organised sector eases uncertainties in the minds of buyers and sellers

Used car buyers are able to buy a bigger, better car for the price of a smaller new car

Until Chuck Yeager broke the sound barrier, he would not rest. Nor would the designers of the Bell X-1. (California, 1947.)

Until you see that we've drawn a line.

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change, *has* changed.

And what was good is *still* good.
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Until you see that we're always working.

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Without fuss. Without hype.

But with integrity and utter clarity.

Until then...

We will not rest UBS

expects to sell over 100,000 cars through 350 First Choice outlets by 2013-14. "The pre-owned ecosystem will develop and people will want a proper customer experience when they sell or buy a used car," says Dubey.

Khattar has opened five Carnation outlets in the past six months, which deal in used cars. He expects to roll out used car sales points at most outlets over the next few years as the chain, which also deals in sales and service, expands. Both First Choice and Carnation will sell users "certified" used cars (see *How the 'Certified'...*) like manufacturer-supported used car outlets.

Booz & Co's Bajaj argues that the Indian used car market has still a long way to go. He points out that in most mature automotive markets, used car sales are often 2-3 times of new car sales. "The massive used car markets in developed countries are supported by manufacturers. Indian car companies are so focused on new car sales that they have not, with the exception of Maruti, been able to devote resources to the used car market," adds Bajaj.

Yet, as Pareek points out, it is not easy for a manufacturer to enter the segment. "Selling used cars is a very complex business because no two used cars are the same, and we are buying the car as well as selling it. If the buyer or the seller of the car has a bad experience, it impacts the mother brand because a True Value customer is a Maruti customer," explains Pareek.

The used car market can have a major impact on new car sales as well, argues Bajaj. In India, Bajaj feels that the ready availability of three-four-year-old Maruti Alto, Hyundai Santro and Tata Indica cars has been a reason for the tepid response the Tata Nano has received. "Consumers are choosing to buy a bigger and better car instead for the same price, because the Nano has not managed to stick to its intended price point. The Nano has not failed, but it certainly is not doing as well as the hype would have led people to believe and that is thanks to the used car market," says Bajaj.

As Dubey points out, over 65 per cent of the used car market is for B and C market cars (small cars and entry-level sedans), and the market for smaller cars such as the Maruti 800 is fairly limited. That has not deterred luxury car manufacturers like BMW from eyeing this segment. BMW India is on the verge of launching its branded used car business, BMW Premium Selection, later this year.

However, Andreas Schaaf, President of BMW India, shares Pareek's concerns about entering the business. "The used car business, if handled badly, can damage the BMW brand, which is why we have to take it slowly," says Schaaf. Yet, he sees a massive opportunity for BMW in the space. "It will help retain customers as well as introduce BMW to a whole new class of customers, who might not be able to buy a new BMW, but would readily buy a used one that has been certified and guaranteed by us," adds Schaaf. Moreover, the used car business is an additional source of revenue for dealerships.

But the used car business has its share of pitfalls. The first is problematic interstate transportation of used cars due to the lack of a nationwide Goods & Service Tax. Add to that the logistical and bureaucratic nightmare of re-registering a car from one state to another, thanks to the absence of a nationwide car registry. The former is a political hot potato. The latter is also a national security issue, which the Ministry of Road Transport and Highways has been promising to fix for years, yet has seen no progress. The third problem is of expensive real estate. "Used car lots need to be massive and should hold hundreds, even thousands of cars. But the return on investment right now is minimal," says Bajaj.

Yet, as more people buy cars, they will also want a way to get rid of their old cars, and problems aside, the used car market is going to only get bigger and more organised. Bargain car buyers will have it better than ever before. ⊙

How the 'Certified' Used Car Market Works

Log on to the website of a used car company to check for the ballpark price of the car you want to sell

Trained mechanics examine the car and accurately determine the price

Some dealers can take the car as part-exchange for a new car. Others could sell you another used car and, in some cases, even a new car of another make

Once the dealer has bought the car, he will refurbish it using after-market spares, bringing it up to a saleable level

Most organised used car chains give the buyer a one-year, limited mileage warranty and a few free services

DEEPAK G. PAWAR

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CARE TODAY
AN INDIA TODAY GROUP INITIATIVE

THE LEH FLASH FLOODS RELIEF FUND

Leh has been devastated by a massive cloudburst. CARE TODAY appeals for donations to rebuild the town and rehabilitate the victims.

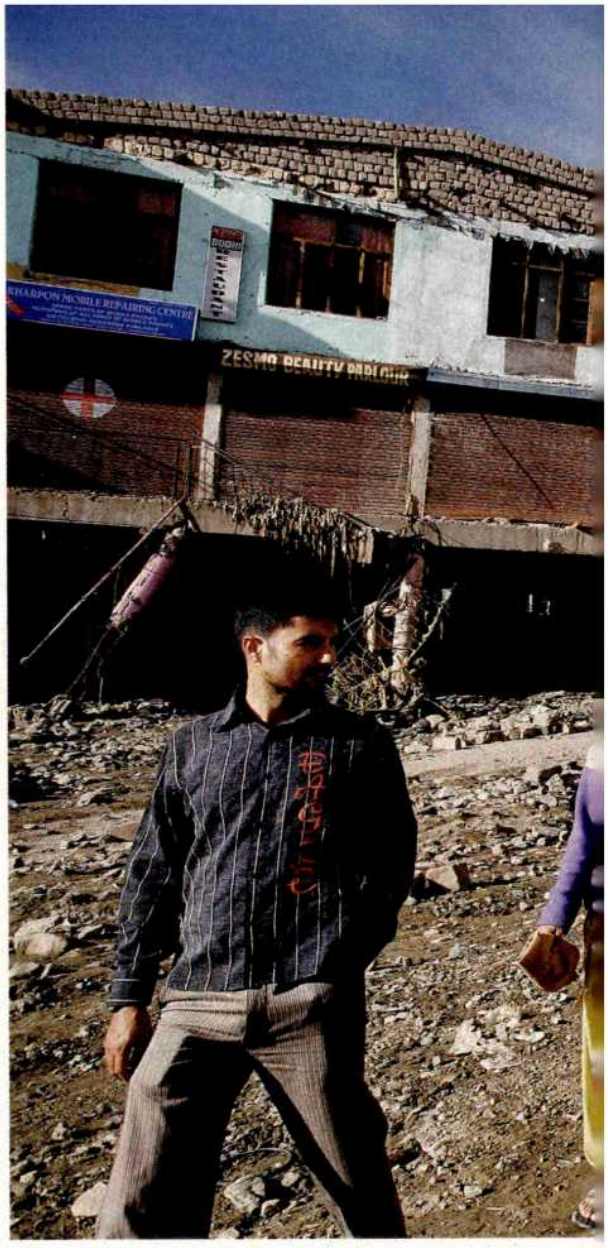
Between 1.20 a.m. and 2.20 a.m. on August 6, a massive cloudburst occurred in the high-altitude Leh region of Jammu and Kashmir's Ladakh district. The flash floods that followed the cloudburst snuffed out lives and damaged dwellings in the town and its adjoining areas. As this appeal is being written, 166 people, including 23 foreign nationals, are dead and over 400 are still missing.

■ The calamity has led to the widespread destruction of both personal and public property. There is a shortage of food, water and medicine due to loss of road connectivity. A communications breakdown has worsened the situation for survivors.

■ Many children perished and those who have survived will soon learn that the schools they went to are destroyed and the houses they lived in with their parents are lost. Some unfortunate ones will also find out that their parents are no more. Apart from tourism, cattle rearing is a major economic activity in the region. Economic misery is sure to follow.

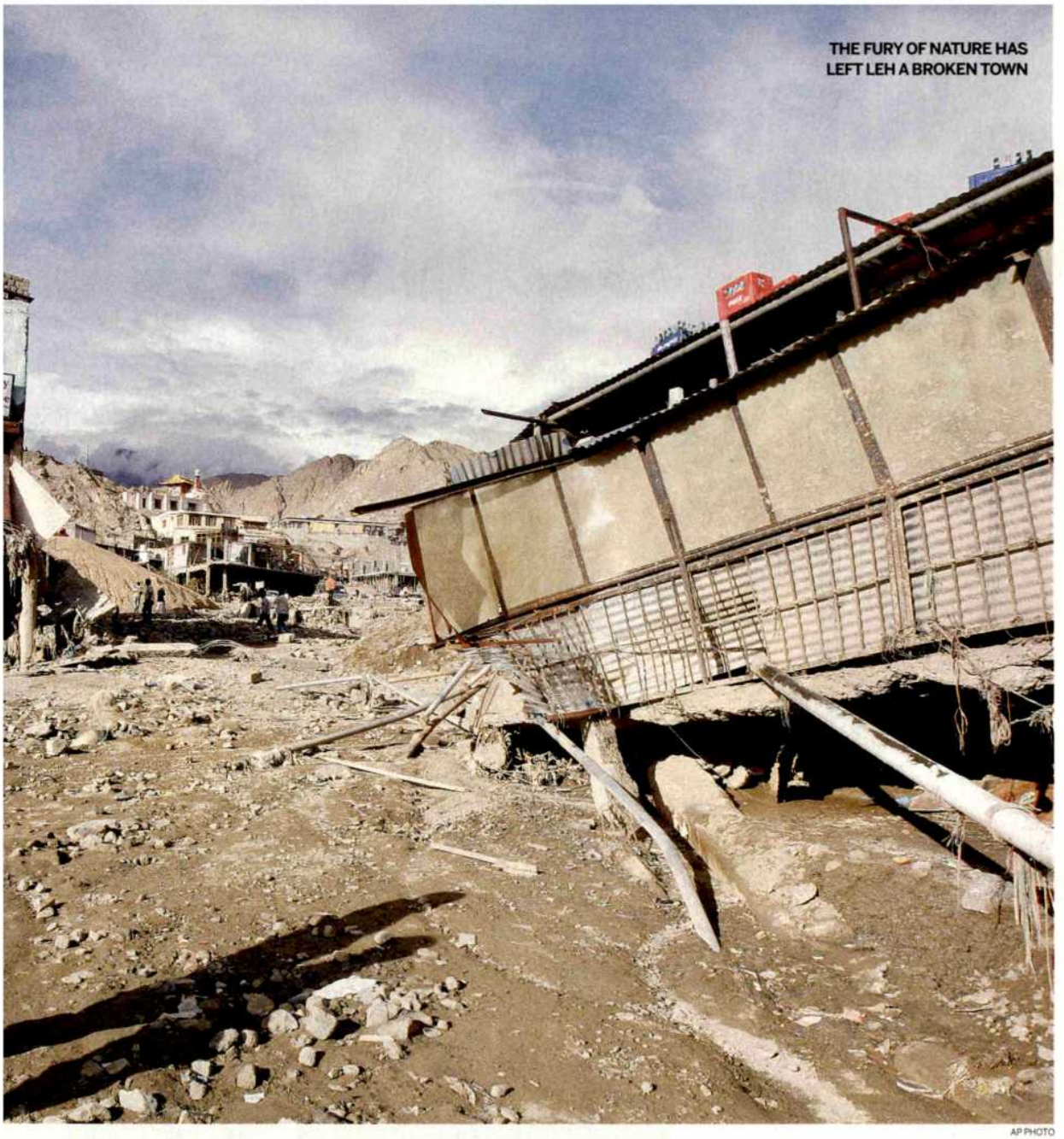
■ In 1999, the Kargil War in the very same region gave birth to CARE TODAY which acts as a link between readers, viewers and listeners of the India Today Group and the problems that the nation faces and that one wishes to do something about. We have since responded to the supercyclone in Orissa, earthquakes in Gujarat and Kashmir, droughts in Rajasthan and Gujarat, the Indian Ocean tsunami and the Kosi floods in Bihar with the highest standards of openness and transparency.

■ We once again appeal for monetary support for the victims of the Leh flash floods. We would like to support immediate relief work as well as long-term rehabilitation initiatives connected with this disaster. CARE TODAY has already started contacting actors on the ground and its Executive Director is visiting Ladakh this week in order to obtain a first-hand account of disaster and the relief organisations working in the area.



■ CARE TODAY will ensure that its work benefits the worst-affected communities by addressing their real needs and will report back through the pages of INDIA TODAY on the progress it has made. The India Today Group has made the first contribution, with Living Media India Ltd and the TV Today Network contributing Rs 5 lakh each to the fund.

■ All contributions of Rs 5,000 and above will be acknowledged in INDIA TODAY, *Mail Today* and on *Aaj Tak*, *Headlines Today*, *Dilli Aaj Tak* and *Tez*.



THE FURY OF NATURE HAS LEFT LEH A BROKEN TOWN

AP PHOTO

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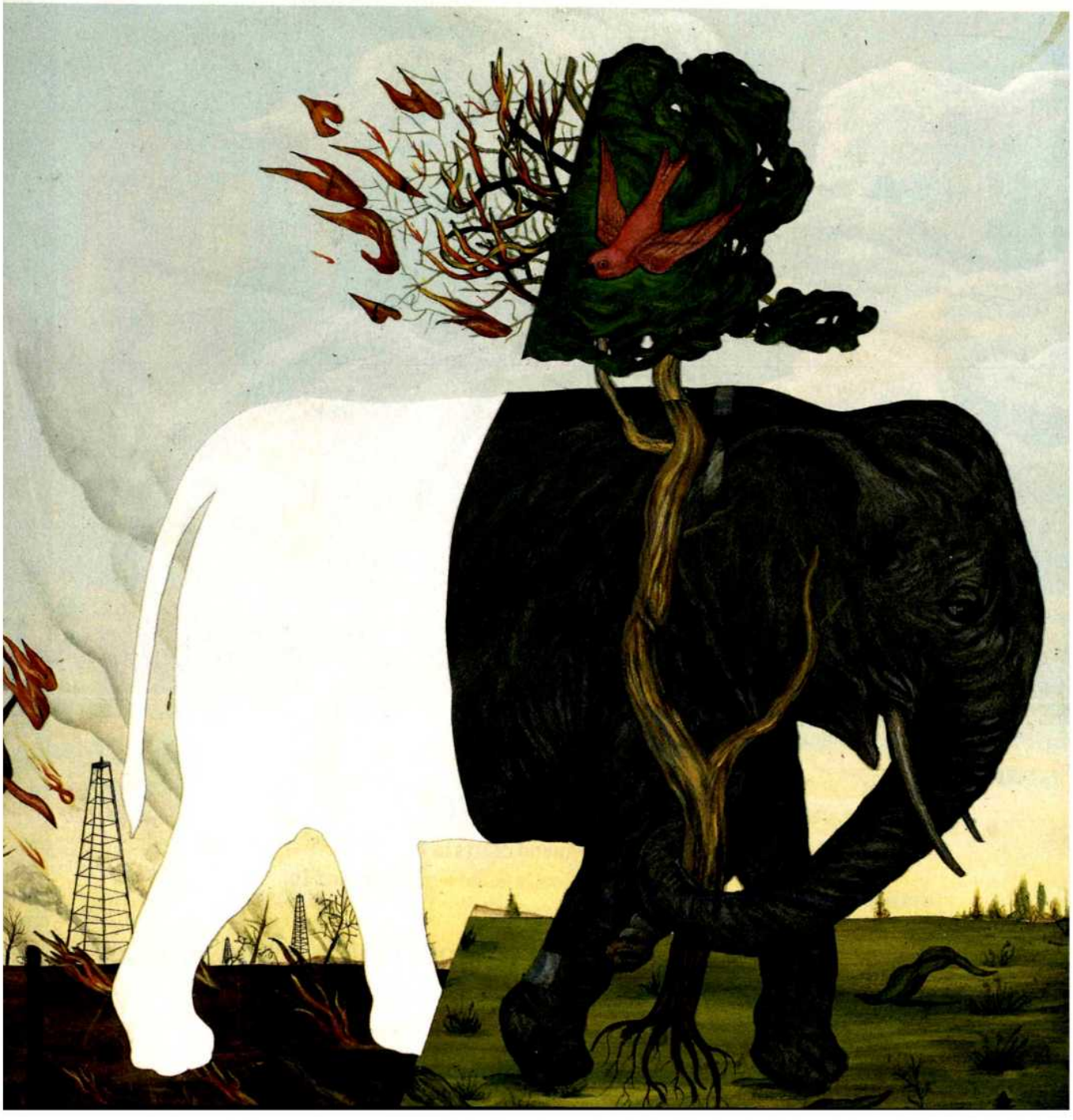
For further queries, please contact C. Balaji Singh at

What Comes Next



The flip side to every ending is a new beginning. *Scientific American* asks scientists on its advisory board what new trends will shape the decades to come

[COMPLEXITY]

The Age of Digital Entanglement

BY DANNY HILLIS

On November 19, 2009, a single circuit board inside a computer router in Salt Lake City failed. The glitch cascaded, preventing air traffic control computers nationwide from communicating. Hundreds of flights were cancelled. On May 6, 2010, the Dow Jones industrial average inexplicably plummeted almost 1,000 points in minutes, only to mysteriously rise before the day ended. Had the "flash crash" not reversed itself, a global financial meltdown would have ensued.

We humans have linked our destinies with our machines. Our technology has gotten so complex that we no longer can understand it or fully control it. We have entered the Age of Entanglement.

When humans lived in the jungle, they thought that nature's displays arose from mystical qualities. In the Dark Ages humans blamed the gods for causing unforeseen events that altered people's lives. But the Enlightenment brought reason to bear; scientific analysis made sense of more and more of the world. We began to feel in control, and our understanding gave us the power to construct our own complex environment of technology.

The Internet is a case in point. Most people may not realise that they depend on the Internet when they place a telephone call or fly on an airplane. In our intertwined world, it is increasingly difficult to understand the very systems we have built or how to repair them. Weeks after the financial crash, regulators installed new trading circuit breakers they hoped would prevent another collapse, but they can't be certain the fixes will actually work.

Back in the 20th century, programmers could tell a computer exactly what to do. They exercised absolute control in a system they completely understood. Today programmers link complicated modules developed by A program that, say, directs trucks to restock stores needs to find the locations of the trucks and warehouses, maps of the streets and the inventories of stores. The program follows this information by connecting to other programs via the Internet. It might also support systems that track packages, pay drivers and track truck maintenance.

Expand this picture to include factories and power plants, as well as salespeople, advertisers, insurers, regulators and stock traders, and you begin to see the entangled system behind so many daily decisions. Although we created it, we did not exactly design it. It evolved. We are dependent and not entirely in command. Each expert knows a piece of the puzzle, but the big picture is too big to comprehend.

It is time to start a countertrend. We should begin to build simple backup systems that one person can truly understand, to protect ourselves when critical systems fail. In decades gone by, ham radio operators could keep the world connected if commercial communications crumbled. We should develop a simple communications system independent of the Internet, so that civilisation can continue to operate after a cyberattack, computer virus or unforeseen emergent behaviour jams cyberspace.

As people realise that we are back in the jungle — a digital jungle of our own creation — some will revert to mysticism. Most people will just accept the complexity and learn how to cope with it. Others will try to live "off the grid," although few of them will give up Web access or cell phones or electric lights or penicillin.

Like it or not, the dependencies are too strong to allow us to disconnect. Our destinies are entangled with one another's and with our technologies. ⊙

Hillis, co-founder of the Long Now Foundation, predicted widely

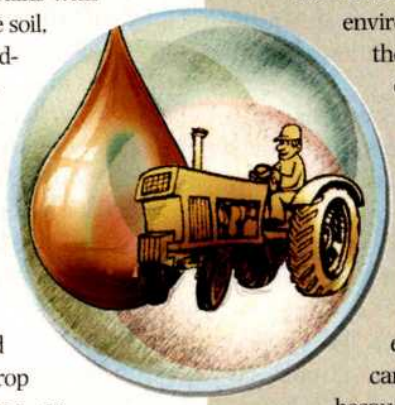
[AGRICULTURE]

The Next Revolution in Farming

BY JOHN REGANOLD

With the planet's population projected to reach nine billion by mid-century, some experts claim that only conventional farming can produce enough food for everyone. Taking that path will cause irreparable damage to the environment. But by switching from resource-intensive to knowledge-intensive practices, we can put an end to unsustainable farming and have healthy food for all.

Conventional farming can erode and degrade the soil. Its artificial fertilisers are energy-intensive to produce and often pollute waterways, lakes and oceans, while its pesticides increase health risks to farm workers. Organic-farming techniques, on the other hand can eliminate or reduce the need for chemicals. For example, alternating grains with legumes helps to restore nitrogen in the soil, reducing the need for fertilisers, as do adding a third or fourth crop into the rotation, leaving more plant residue in the soil after harvest. In the US, we need to jigger federal farm subsidies — which reward farmers for growing corn, cotton, soybeans, wheat and rice — to encourage longer crop rotations.



Also, to keep the soil healthy and to reduce erosion, many farmers could employ no-till farming, in which a crop is planted without any previous tilling, or ploughing. Finally, we need to cut waste. We squander 30 to 40 per cent of all food, both in developing countries (where it spoils *en route* because of poor roads and storage systems) and in rich ones (where we discard it because it is slightly blemished, or past its "use by" date, even if still perfectly good).

With these changes we could still provide 2,350 calories a day of healthy food for every person — as the United Nations's Food and Agriculture Organisation recommends. To be successful, we need to focus global attention on food and ecosystem issues and do more research. And, of course, we need the political will to make this farming revolution happen. ⊙

Reganold is Regents Professor of Soil Science at Washington State University.

The Obsolescence of Oil

BY MICHAEL WEBBER AND DANIEL KAMMEN

Crude oil has been the mainstay of our transportation sector for more than a century. That dominance might soon end, as several forces converge. New oil deposits are in places that are increasingly hard to reach. Environmental regulations are tightening and may tighten further in the wake of the BP oil spill in the Gulf of Mexico. Cars powered by electricity or natural gas are coming on line. And the US Congress has mandated that one-fifth of all liquid transportation fuel come from non-petroleum biofuels by 2022. These factors almost ensure that demand for gasoline will peak (or has already peaked).

A transition to other fuels is likely to begin. Whether the transition works out well or poorly for the environment depends on decisions we make today. It is not preordained that we will use alternative fuels that are cleaner than gasoline, because many inexpensive options exist that are not. Heavy, solid fuels such as oil shale, tar sands and liquids from coal could fill the gap, potentially worsening environmental impacts. The temptation to use these solid fuels will be high, because deposits dwarf those of light sweet crude, and the technology to convert them to liquid form is getting less expensive with time.

The trouble, of course, is that each barrel of liquid fuel derived from these sources requires more energy to refine than light sweet crude does, which means carbon emissions per unit of energy produced will rise unless we implement carbon capture systems on a large scale. And because the mining and production techniques are fundamentally different from those for conventional petroleum, swathes of land and water could be affected.

A more hopeful scenario, in which electricity, natural gas, next-generation biofuels and other relatively clean energy sources, as well as improved fuel economy, gradually undermine the strategic value of light sweet crude is possible. A suite of energy policies could help us emerge with a cleaner, safer, more resilient and cheaper energy system. If we can enact such policies, our grandchildren will look out from their quiet, clean, domestically fuelled cars and laugh at the notion that nations fought over those useless reservoirs of oil.⊙

Webber is associate director of the Center for International Energy and Environmental Policy at the University of Texas at Austin. Kammen is founding director of the Renewable and Appropriate Energy Laboratory at the University of California, Berkeley.

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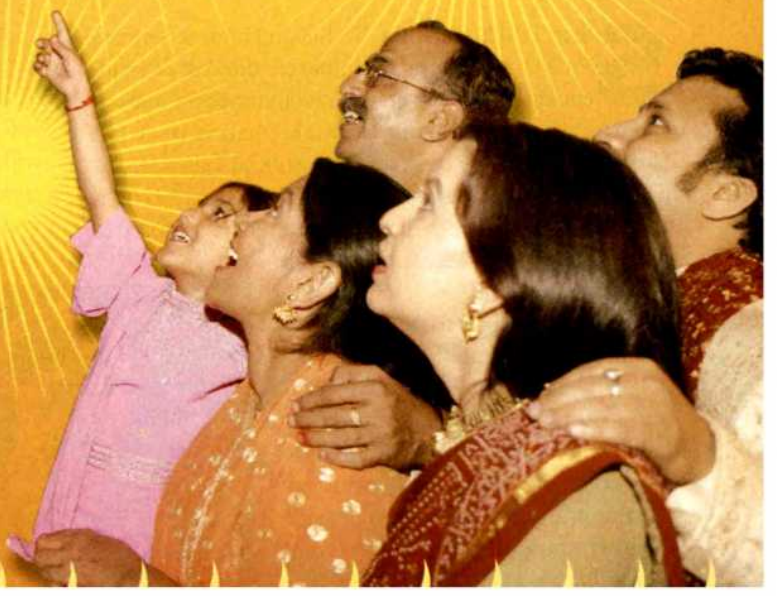

Energy That Doesn't Harm Your Health

BY R. JAMES WOOLSEY

The age of oil's dominance in transportation may be ending, but at the present rate the end will come slowly. Meanwhile our consumption will continue to destroy the environment and create huge strategic and economic problems. The US could make the transition faster and less painful by: improving the efficiency of internal-combustion engines; encouraging electric vehicles and the use of natural gas for fleet vehicles and interstate trucking; opening up the fuel market to competition from current biofuels such as ethanol and methanol; and funding research on new biofuels made from waste and algae.

The harm of oil to public health takes several forms. Regulatory inaction under the Clean Air Act is letting oil companies use known carcinogens — the so-called aromatics such as benzene, toluene and xylene — to increase the octane component of gasoline, according to C. Boyden Gray, a former US Special Envoy for Eurasian Energy, and Andrew Varcoe, a Washington, D.C., attorney. The added costs related to healthcare and shortened lives in the US come to more than $100 billion annually, they conclude.

Switching to biofuels would make us healthier, too. Critics often assert that crops for biofuels displace crops for food. But 95 per cent of the corn that is grown for consumption is grown for animal feed, not for humans. Feeding cattle the starch component of corn makes their meat fatter and thus supposedly better tasting. Yet the fat substantially raises our cholesterol.

Moreover, cornstarch is an unnatural food for cattle and induces indigestion that can lead to illnesses, prompting the use of massive amounts of antibiotics. This practice can in some cases lead to drug-resistant bacteria that can degrade medicine's effectiveness against infectious human diseases. We can produce biofuels from the corn's starch while still using the corn's protein for animal feed, without negative health effects.

Oil doesn't just cause strategic and environmental problems; it also increases our risk of cancer and helps to foster clogged arteries, infectious diseases and childhood diabetes. What else can oil do for us? ⊙

Woolsey is chair of Woolsey Partners and a former director of the Central Intelligence Agency.

[GENOMICS]

Medicine I Can Call My Own

BY GEORGE CHURCH

Since 2003, when the $3-billion Human Genome Project was officially completed, the cost of sequencing a human genome has plummeted a millionfold. The technology to manipulate and engineer genes has also become widely accessible. As a result, biology is undergoing an explosion of spontaneous activity, reminiscent of when, in the early 1980s, largely self-taught nerds toiled in their garages to bring us the age of personal computers.

As this democratisation of biotechnology continues, the one-size-fits-all medicine we have seen for the past 100 years will yield to medicine tailored to each individual. Doctors will prescribe a custom prevention programme and make comprehensive diagnoses according to each patient's genes, bacteria, allergens, fungi, viruses and immune system.

In the near future, a complex ecosystem of healthcare and software providers will empower doctors to treat each patient as a unique individual. Your stem cells will be fashioned into ad hoc treatments. Your genome will get sequenced every year or so to check for the emergence of cancer cells, auto immune cells, inflammation, and so on and will help predict what treatment may work best if a disease appears. Not just knowing but shaping your biology will be part of your life. ⊙

Church is director of the Center for Computational Genetics at Harvard Medical School.

Edited excerpts from "What Comes Next" published in ***Scientific American India****, September 2010*

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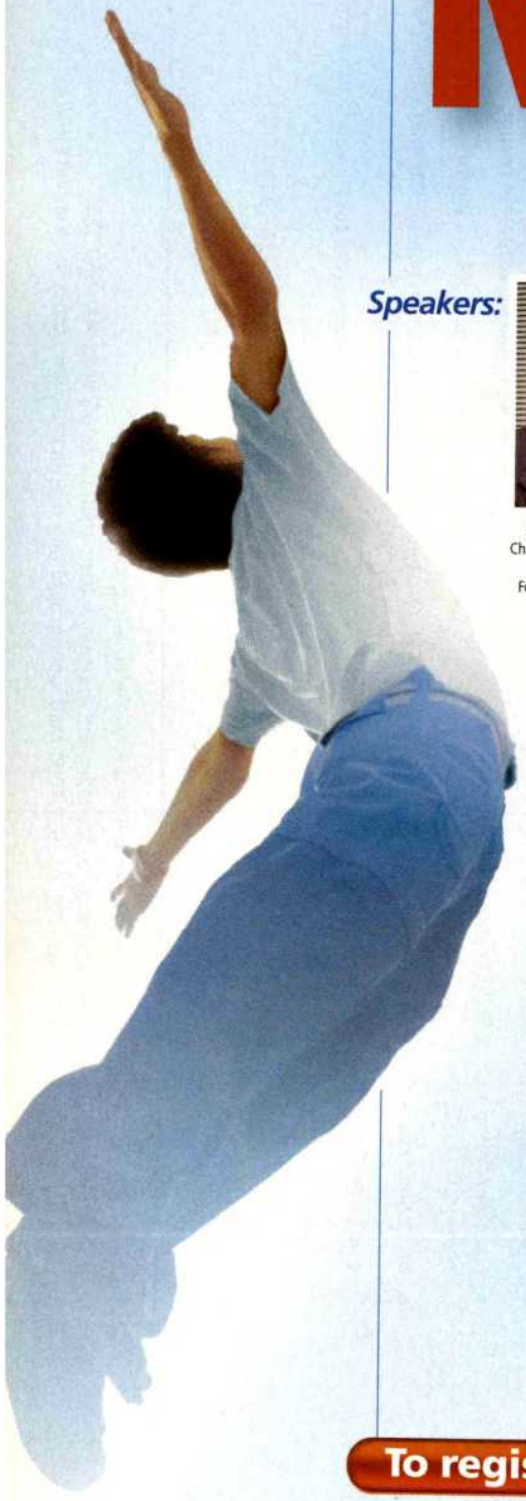

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Chairman Unique Identification Authority of India; Former CEO & MD Infosys

Viswanathan Anand
World Chess Champion

Chhavi Rajawat
Corp Exec, now elected Sarpanch, Soda Village, Rajasthan

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Programme

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10.00 to 10.15 : Welcome Address
Speaker: ***Aroon Purie,*** *Editor in Chief, India Today*

10.15 to 11.15 : Inaugural Session: Dream Big, Do Bigger
Dreams can come true if you have the courage to pursue them. Hear it from one whose dreams have always been larger than life, but not beyond achievement for him. Whether it's business or public service, the art it seems, is to keep topping up the effort by putting all you've got into it.
Speaker: ***Nandan Nilekani,*** *Chairman Unique Identification Authority of India; Former CEO & MD Infosys*

11.30 to 12.30 : Luncheon Keynote Session: Keep Your Eye on the Board
Staying focused is the thin line that divides the chumps from the champions. A living legend speaks on his secret of prevailing in the toughest of games, chess, as in life.
Speaker: ***Viswanathan Anand,*** *World Chess Champion*

13.30 to 14.45 : Session Careers: Believe in Yourself
Do you go with your instinct or what the world tells you to do? Four professionals talk about what prompted them to make a break from the expected and come out on top.
Speakers:
Chhavi Rajawat, *Corp Exec, now elected Sarpanch, Soda Village, Rajasthan*
Sanjeev Sanyal, *President & Founder, Sustainable Planet Institute*
Mukul Deora, *Entrepreneur, Musician, Installation Artist*
Jaideep Sahni, *Engineer, turned Screenwriter*

15.00 to 16.00 : Session Technology: The Magic of Sixth Sense
If your finger becomes a mouse & any surface, including the palm of your hand can serve as a screen, does technology then cross over into the realm of magic? – The day isn't far when this young Designer /Engineer turns magic into reality!
Speaker: ***Pranav Mistry,*** *Designer + Engineer, Inventor of Sixth Sense*

16.15 to 17.00 : Keynote Session: Going For Broke
Winning, they say, isn't everything – turns out it's the **only** thing. One who has lived on the edge, talks of the inspiration, perspiration and heartbreak that shaped his realization of this truth.
Speaker: ***Sourav Ganguly,*** *Former India Cricket Captain*

17.30 to 18.00 : Session Cinema: No Grit, No Glamour
Stardom is not as easy as it looks. It takes hard work, wisdom and yes, the 'wow' factor. Hear it from someone who has all three in equal measure.
Speaker: ***Katrina Kaif,*** *Hindi Film Actor*

18.15 to 19.15 : Concluding Session: Politics: The Good, The Bad and The Ugly
India's Youth are cynical and wary of the way politics is played out, not only in our institutions of governance, but in every sphere of our lives. Our democracy seems to have reached a dead-end. One politician, who has always maintained his scientific outlook despite the turmoil of politics, can tell us how to bring the idealism, the dedication, the vigour and enthusiasm of our Youth, to change India's destiny – to deliver the good and throw out the bad and the ugly.
Speaker: ***Jairam Ramesh,*** *Minister of Environment & Forests*

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DEEPAK G. PAWAR

"Like great ideas, an environment of managed conflict is built on word of mouth"

Aparna Ballakur (C), VP of HR at Yahoo! India, with her team

Resolving Conflict at Work

Differences at the workplace are inevitable, but there are fixes before they start harming people and productivity. BY SAUMYA BHATTACHARYA

Last year when Yahoo! India was about to roll out a "Work from Home" policy, there were dissenting voices. It was first announced for mid-level managers, some of whom felt it was too strict. The initial discussion in an open forum wasn't too productive. The company's senior management met the managers in small groups, and reworked the policy based on their feedback.

"Their willingness to give feedback willingness to incorporate it, defused a potentially painful top-down implementation of a policy that would have resulted in conflict," says Aparna Ballakur, Vice President of Human Resources at Yahoo! India.

affect an entire organisation, on a smaller scale, friction can and does occur between two employees, between an employee and a manager, or among team members. N.S. Rajan, Partner and National Head of People & Organisation at Ernst & Young, puts conflicts in two buckets: one arising from poor leadership and the other surfacing when value systems of individuals differ. For instance, if the organisation has not

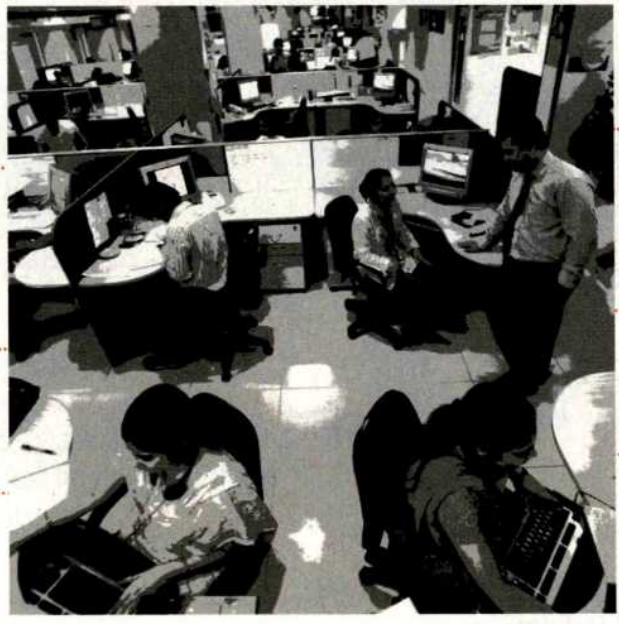
tion are a natural part of a workplace, especially in innovative environments. "Differences of opinion can scale into an unhealthy conflict situation when it spills over from the issue being discussed into egos and personalities," says Ballakur.

Invariably in such situations, the price of inaction — both on the part of the organisation and the individual — is high. Teams go through spells of low

small issue like a noisy colleague do to your team? It can cause a lot of stress if not dealt with properly. Ballakur cites the example of an employee who complained that the people who sat around him were very noisy and this disturbed his concentration. "We asked him if he had told the people that their noisiness disturbed him. He had not," she says. The company then called the employee and others in a room and made them

Is a Colleague Causing You Stress?

- Handle the conflict at the earliest. Don't wait for it to blow over
- Have a chat with the person who is upsetting you with bad behaviour
- Focus on the immediate issue. Avoid personal attacks
- Be nice. Being assertive does not mean being aggressive



- Be a good listener. Ask why that person did or said a particular thing
- Convey your discomfort over the issue, but be willing to be flexible
- Never take bullying or unacceptable behaviour from anyone
- If the problem persists, get mediation from your manager and seniors

spelt out a clear work matrix or a transparent reward system, the HR value chain suffers. "If people are stepping on each other's toes when carrying out their work and that's happening because there is no clear work matrix, conflicts are unavoidable," adds Rajan.

However, when goals and matrix are clearly defined, what's left is value-based conflicts that, again, have the potential to turn into big problems. Sure, there is no one-size-fits-all solution, but what definitely does not work is not addressing the problem. Conflicts are inevitable and differences of opinion

productivity during conflicts because of stress. And if a conflict is allowed to linger, most workers involved end up being angry and upset — not just with the co-worker giving them stress, but also with the organisation for not dealing with the situation. Worse, it can make an employee feel discriminated against. Talent experts like Sriram Rajagopal, VP of HR at Cognizant, the IT services and consulting company, say that "it is naive to look the other way and expect conflicts to resolve on their own".

Even trivial matters can snowball into big conflicts. What can a seemingly

talk about the issue. It turned out that the co-workers had not realised that their noise was bothering him. In the end, this was amicably resolved with a fairly short discussion.

But the same situation can get tricky if not dealt with maturity. Amit, who works in a retail set-up, had difficulty concentrating, thanks to the constant babble of two of his colleagues. When he tried to speak to them, they did not take him seriously. He spoke to the manager who assured him that he will be shifted to a quieter place. In a couple of weeks, his seat

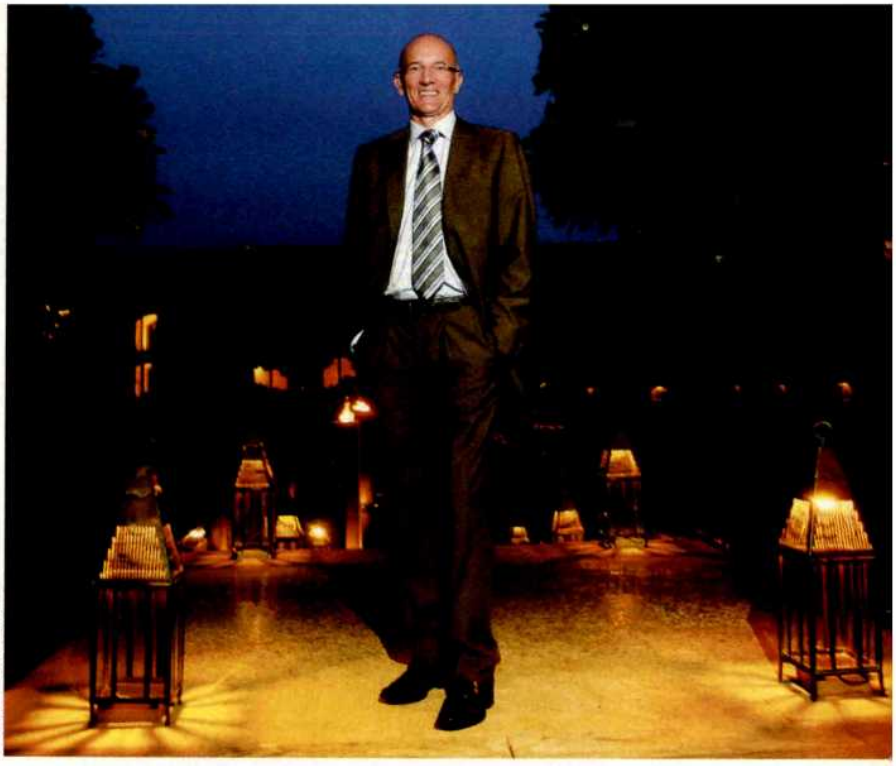
was changed. But he says: "I wish somebody had told them that my work was suffering. I am relieved that my seat was moved, but these guys are continuing with their behaviour." He did not want his full name or the name of his employer taken.

Experts say that conflicts arise when there isn't enough communication from the management about the organisation's goals and how they want individuals to get there. At AkzoNobel, the world's leading paints company that acquired ICI India in 2008, informal communication with the employees has helped in the transition and ironed out many potential conflicts. Says Heiko Hutmacher, Senior VP of HR at AkzoNobel: "You have to take time out. Communication helps and informal communication helps better."

At Cognizant, employees have several channels for real and virtual interaction that help them voice concerns before they escalate into conflicts. These include staff meetings, internal newsletters, bulletin boards, corporate intranet and organisational e-mails, among others.

When employees see others around them voicing their opinion and how these are channelised effectively, it encourages them to voice their opinion as well. "Like great ideas, an environment of managed conflict is built on word of mouth," says Ballakur.

However, some reasons behind these conflicts are so entrenched that they cannot be resolved by the participants alone and need mediation. A few months ago, in one of the teams at Cognizant, members just could not get along with a new manager. The manager was "highly unapproachable and indifferent", the team told people managers in the company. On his part, the manager continued to make key decisions because he assumed the problem lay with getting accepted in the new organisation.



MONEY SHARMA

"We make strong investments into conversations with team members"
Heiko Hutmacher, Senior VP of HR at AkzoNobel

The distance widened to a point where the manager started setting ever more aggressive deadlines to assert his hold over the team, and although the team members worked hard initially, at times even over the weekends, after a while they started defying his deadlines. The new manager, meanwhile, had earned the confidence of the customers with his quick grasp of their requirements and speedy execution, but his team was in disarray.

The company's HR team then convened a meeting. It started with both the manager and the team members relating their sides of the story. The team realised that the manager appeared aloof and unilateral not because he wanted to be that way, but because they hadn't shown enough acceptance of him into the system. The manager realised that he hadn't made enough effort to involve the team members and was, therefore, disliked. Just the articulation of these feelings thawed the ice between the two sides.

Thereafter, the manager focused on changing his approach and also agreed to take training to enhance his behavioural skills. "Today, the same team reports a much healthier flow of ideas and suggestions," says Rajagopal. ⊙

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Job ID: 8604714
Description: Duties: Develop embedded C++ software on Core Director family of optical switches, maintenance of existing software, development of new features, and support of new hardware.

EMC Corporation
Sr Software Engineer
Location: Bangalore
Job ID: 8605094
Description: Aspirant must have exp. in C programming, Systems (or embedded) with in-depth understanding to any real-time OS internals; Experience in protocols like SCSI/FCP/iSCSI/etc.

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Project Manager / Project Leader
Location: Delhi, Noida
Job ID: 3391206
Description: He/She must have experience in software analysis, design and development, Hands-on experience in Microsoft .NET technologies, MS Certifications would be a bonus.

Cambridge Solution Pte Ltd
Support Analyst- Synon
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Description: Design, Develop and Pro high quality SQL's without much superv and on-time delivery, Work includes C Queries , Procedures , Functions Should knowledge of basic Database Administrat

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Area/ Territory Sales Manager
Location: Bangalore
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Description: Responsible for achievement of monthly, quarterly and annual sales targets by generating revenue from existing paid members; Per client revenue optimization; client retention.

McAfee Software India Pvt Ltd.
Sales Manager
Location: Mumbai
Job ID: 8604995
Description: Primary tasks: Identifying developing business opportunities in new existing top tier partners' retail and local C sales channels.

Yash Technologies Pvt Ltd
J2EE Technical Lead
Location: Indore
Job ID: 7898355
Description: Yash is looking for J2EE Tech Lead resource who has expertise in Document system design, development and testing strategies. Can own the project and ensure that application meets non-functional/operational requirements.

Temenos India Pvt Ltd
Competency Lead – Banking - Credit
Location: Chennai
Job ID: 8519716
Description: Ensure consistent solu design, uniformity of deliverable qu standards and maximizing the reuse available components and packages avai through the TEMENOS Applica Management group.

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Telesales Executive
Location: Hyderabad
Job ID: 7639745
Description: The Telesales Executive will be responsible for: Interacting with potential clients to provide end to end online Recruitment Solutions to corporate clients through telesales initiative.

Oracle
International Business Dev Mgr
Location: Bangalore
Job ID: 8381588
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Location: India
Job ID: 8604845
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Websol Software Private limited
Senior Accounts Manager
Location: Ahmedabad
Job ID: 7706901
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Syntel Inc
Finance Assistant
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Job ID: 8601090
Description: Incumbent must have good communication skills; Strong analytical skills; Knowledge of Capital markets / Mutual funds; Working knowledge of MS Excel.

Capgemini Business Services (India) Ltd
Finance Assistant manager
Location: Bangalore
Job ID: 8582219
Description: Role: Project controller for few projects. Understand contract and be responsible for revenue recognition, invoicing, costs.

WNS Global Services
Sr. CSA - Accounts Payable
Location: Mumbai
Job ID: 8122001
Description: Role: Perform payment runs for pringing and EFT payments after receiving customer approval; Reconcile all checks and accounts as required by customer etc.

GlobeOp Financial Services
Associate Manager - Finance
Location: Mumbai
Job ID: 8472839
Description: Responsibilities: Assistance in Budgeting and Re - forecasting; Variance Analysis; Review of all reports; Assistance in early completion on Revenue etc.

Barclays Technology Centre India Pvt Ltd
Infrastructure Testing Professionals,
Location: Pune
Job ID: 8455121
Description: Excellent technical knowledge of atleast any 2 of the system software platforms.

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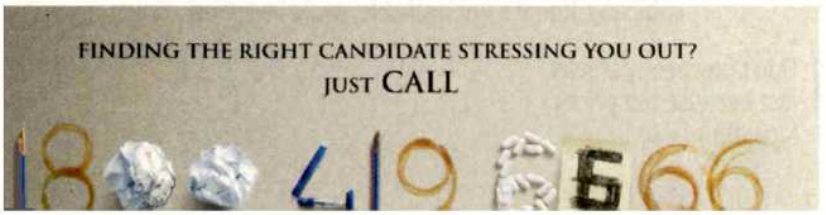

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Betting on Your Penny

You can make money in micro-cap stocks, but you've got to be cautious, patient—and lucky. BY NITYA VARADARAJAN

An SMS message flashes on N. Kanakarajan's mobile phone, urging him to buy Cals Refineries at 70 paise. A 'refinery' stock for under a rupee may seem a steal, but Kanakarajan, who manages the Karur (in Tamil Nadu) branch of Anand Rathi Securities, senses a daylight robbery of the clueless investor. He quickly sends out e-mails and text messages to his clients, asking them not to fall prey to this one.

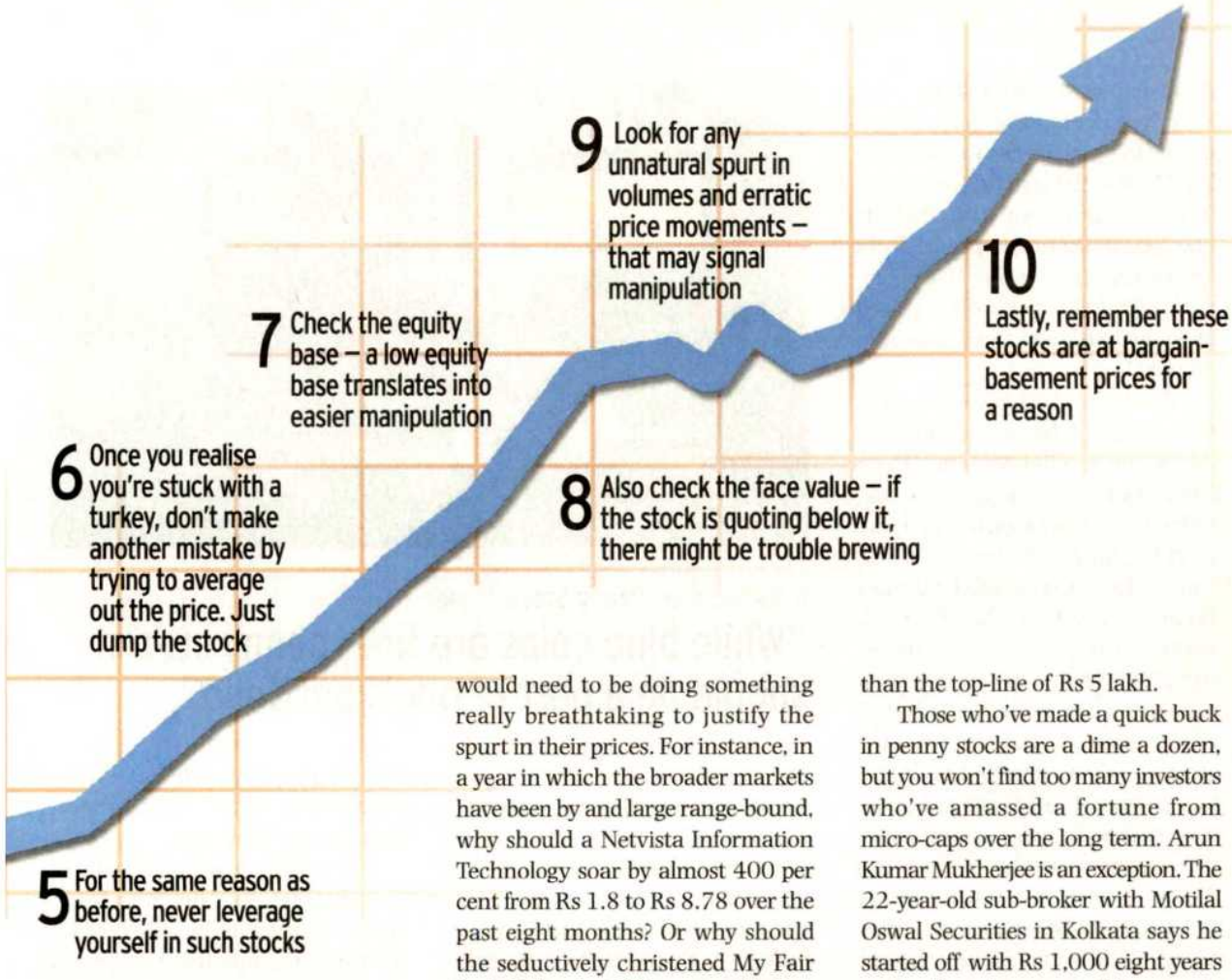
Run a quick Google search on Cals Refineries and you will come across news reports that range from a two-year-old one which claims that Cals will set up three refineries in West Bengal for Rs 20,000 crore to an article that describes the company as "a ferociously-traded" penny stock "about which very little is known". And if you think 70 paise is a fair price to pay for a company that ostensibly sells refining and petrochemical products, remember that it has already appreciated by over 100 per cent in a month — in mid-July the stock was quoting at 33-34 paise!

"People like to show off how their gamble paid off, but they don't realise that such speculation is often a roller coaster that crashes into the ground," says Kanakarajan, who is aware that his frantic warning messages will be ignored by many of his clients.

Cals Refineries isn't the only penny stock being lapped up by investors who range from pocket money-splurging college students to adventurous homemakers. Consider some of the other beguiling tips that flood the inboxes of punters during a typical trading day: Buy Vertex Spinning: CMP (current market price) Rs 2.6, target Rs 5. Buy FCS Software: CMP Rs 2.52, to go to Rs 4. Buy Birla

10 Tips to Avoid Losing Your Shirt in Penny Stocks

1. Don't buy penny stocks just because the prices look affordable
2. Treat penny stocks like any other — check the management's background and fundamentals of the company. If that's not available, avoid investing
3. Don't go by recommendations of online and offline tip-sheets, as well as text-messaged tips on your mobile
4. Don't day-trade in penny stocks as quick exits can't be taken for granted



Cotsyn: CMP Rs 1.13, target Rs 3. A few messages are also backed by apparent triggers. Example: Buy Sigrun Holdings: FII order obtained, CMP Rs 14.40, target Rs 30. Others are accompanied by rumours of a takeover: 'Buy Lotus Eye Care, to be taken over by Fortis', goes one text message. "I also get several SMSes on a single stock that elaborately build hype, much like a film climax," says the broker from Karur with a shrug.

A penny stock typically is one that is quoting below its face value, and so is perceived to offer ample scope for appreciation. That the absolute investments are lower than in a blue chip, and that even a run-up by a few paise can result in spectacular returns can make such speculative investing alluring. Not all such stocks would be of dubious would need to be doing something really breathtaking to justify the spurt in their prices. For instance, in a year in which the broader markets have been by and large range-bound, why should a Netvista Information Technology soar by almost 400 per cent from Rs 1.8 to Rs 8.78 over the past eight months? Or why should the seductively christened My Fair Lady Ltd gain 122 per cent in this period — particularly when the damsel's bottom line is firmly in the red, with the losses of Rs 16 lakh larger than the top-line of Rs 5 lakh.

Those who've made a quick buck in penny stocks are a dime a dozen, but you won't find too many investors who've amassed a fortune from micro-caps over the long term. Arun Kumar Mukherjee is an exception. The 22-year-old sub-broker with Motilal Oswal Securities in Kolkata says he started off with Rs 1,000 eight years ago and has since grown his corpus to Rs 1 crore — thanks largely to penny stock investments. The difference between Mukherjee and most of the

Arun Kumar Mukherjee, Penny Stock Trader

"Nobody had gone in-depth into penny stocks and I felt this area had potential"

ASISH PAUL/www.indiatodayimages.com

ally delves deep into each micro-cap he invests in — he claims to have analysed 800 of them so far, and spoken to the managements of each. "Nobody had gone in-depth into penny stocks and I always felt this area had potential," says Mukherjee. "All stocks need to be analysed, and small-caps even more so."

What also sets Mukherjee apart from the rest of the speculative herd is that he is in it for the long term. "Don't look for quick gains," is his advice. And he has learnt that lesson the hard way. In 2002, Mukherjee invested in KEC International (renamed Summit Securities in 2000) when the stock was quoting at Rs 12. Mukherjee bought into the power transmission equipment company on the basis of its fundamentals. In the near term, the stock oscillated between Rs 9 and Rs 12. When the stock plunged under Rs 9, Mukherjee panicked and exited. A few months, later, KEC had touched Rs 20 — and in three years, it was at Rs 300. "I am still haunted by that incident," says the college dropout who learnt English by reading *The Economic Times*.

P. Ramkumar from Chennai is another investor who believes in the virtues of penny stocks. His strategy: Keep holding the "duds," for they will "definitely run one day". And even if they don't, he believes that one big win more than compensates for the turkeys in the portfolio. "I bought Shasun Chemicals at Rs 10 last year and now it is at Rs 80," says Ramkumar, who believes that while blue chips are fine, penny stocks should be a part of one's portfolio. He's looking out for more of them.

Still, Ramkumar's philosophy of holding onto duds doesn't always work. Tanmay Purohit, a sub-broker with Anand Rathi Securities based out of Nashik, gives an example of a company called IFSL, whose stock was quoting at Rs 250 in September 2005. After a stock split, the price stood at Rs 25, then climbed up to Rs 36 on the news that the company had technology that could turn garbage into power. The promoter holding in IFSL reduced from 17 per cent in June 2005 to 0.27 per cent in September 2005 and never increased since. Today, investors are left holding junk: the stock is quoting at under 40 paise, and there's no power — in the stock or in the company's portfolio. Contrary to what Ramkumar believes, this is a stock that's unlikely to run again. Veering off The Street and slipping into Penny Lane can be rewarding — as long as you are sure that you won't hit a dead end. ⊙

ADDITIONAL REPORTING BY RAJIV BHUVA

H.K. RAJASHEKAR/www.indiatodayimages.com

P. Ramkumar, Penny Stock Trader

"While blue chips are fine, penny stocks should be a part of one's portfolio"

HIGH RETURNS, HIGH RISK

Ten penny stocks in which punters made money — and where they could lose it all, too

STOCK	PRICE*	PRICE^	APPRECIATION	FACE VALUE
Netvista Information Technology	1.80	8.78	388	10
Socrus Bio Sciences	4.23	9.99	136	10
My Fair Lady Ltd	3.43	7.61	122	10
Sapan Chemicals	3.08	6.75	119	10
White Diamond Industries	4.12	8.75	112	10
Gopala Polyplast	2.30	4.62	101	5
Asian Films Production & Distribution	3.50	6.84	95	10
MH Mills & Industries	4.55	8.55	88	10
Raymond Floriculture & Agrotech (India)	4.87	8.10	66	10
Bagadia Colourchem	4	6.61	65	10

*On January 4, 2010 ^On August 16, 2010 Price, face value in Rs; appreciation in per cent

MONDIAL ASSISTANCE INDIA

CHANGING THE FACE OF THE INDIAN SERVICE INDUSTRY

Mondial Assistance India (MAI) team stands by the statute that "The essence of good customer service is forming a relationship that the customer would like to pursue, and hence it is essential to offer a comprehensive and satisfactory solution to a customer to ensure they always return to us, so that we can serve them even better."

MAI faced tremendous geographical, linguistic and structural challenges while launching business operations in India. Everything needed to be built from the ground up. This is exactly what Mondial Assistance India did... It focused on three Fundamentals... People, Product & Positioning...

Automotive Assistance was launched in India with a strategy to deploy a Company owned, company operated fleet in 23 key cities. The fleet included Rapid Recovery Vehicles & Trucks and Customer Service Vehicles that would ensure timely and high quality assistance to customers 24x7. MAI team can be credited for changing the face of the Assistance business in India by contributing to many firsts... Be it hydraulically operated flat bed trucks, subsidized third party networks, GPS to monitor movement of trucks, ISO certification of their assistance centre, 24x7x365 hassle free assistance across the length and breadth of the country.

Mondial Assistance commenced its operations in India in November 2007 and brings with it the skills, network and know-how developed by the Mondial Assistance group dating back more than 50 years. It is a 100 percent subsidiary of the Allianz group and reaches out to 250 million customers across 30 countries.

The company provides e-Commerce based Travel solutions in association with some of the Leading Global Online Travel Agents and Airlines. According to Rajesh Sethi "penetration of e-commerce in travel industry has grown immensely and we see this market riding a steep growth path for the next 4 years. This makes distribution of ancillary products online a good business opportunity and Mondial, with its global expertise is placed well to deliver customized solutions to airlines and online travel agents." Hence, the current plans include offering the Mondial expertise through both B2B and B2C channels. The focus is on innovative distribution channels including e-commerce with online partners.

THE MONDIAL EDGE
First company to launch "Hydraulic Flat Beds" in India
Company owned And Company operated fleet in key cities
ISO certification
Global Positioning System
Subsidized third party providers
e-Commerce based Travel Insurance solutions

RAJESH SETHI
CEO, MONDIAL ASSISTANCE INDIA

While we build and sustain our competitive advantage in the Automotive domain, we have also embarked on a journey tapping new market segments like Banks, Telecom and Insurance sector. Mondial India has a unique and sustainable competitive positioning for providing e-Commerce based Travel solutions, thereby providing the impetus to the next level of growth for the company. In addition, we are strategically placed as "One Stop Shop" Data Processing Solution providers for our Domestic and International clients.

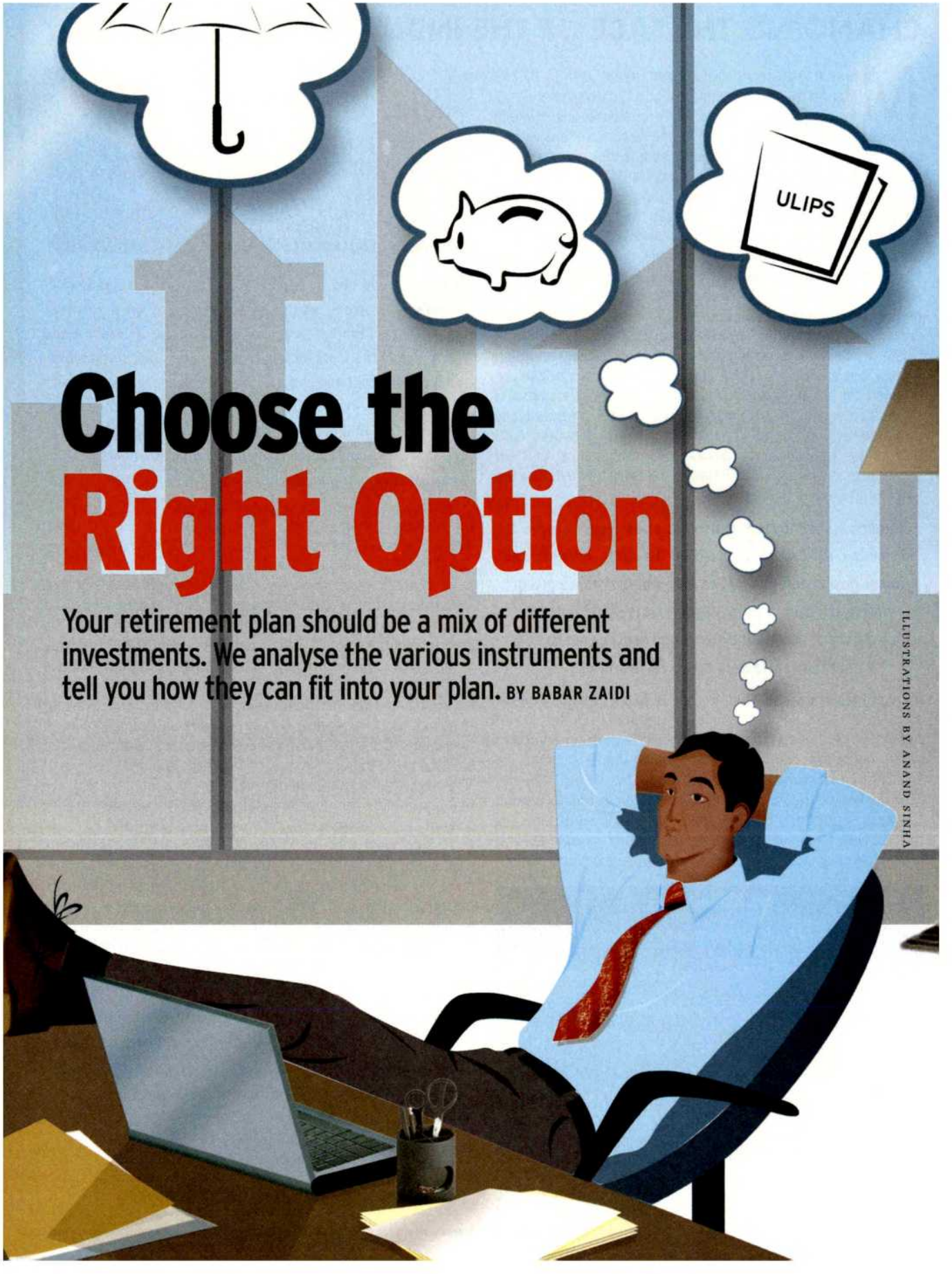
Data processing is not a new concept! Mondial Assistance India has a team with a perfect blend of expertise and experience to offer both strategic and tactical services for the complete data life-cycle. This combination would not only help an organization develop a new business line but also enhance its existing business operations through continuous improvement. Mondial Team says "It is our constant endeavor to ensure that the services that we provide add value to clients' operations. Our mission is to offer a cost effective and one-stop solution to the data processing needs of the clients."

The organization's excellent track record and capability to manage a wide range of Dedicated Data Processing services have drawn big-names into its growing client portfolio.

In a short period of time, Mondial Assistance in India has attained market leadership in the assistance segment. They are currently delivering a range of services designed to enhance customer satisfaction and product value for several leading names across Automotive, Insurance, Leasing Companies and Banking Sector. Mondial, in a way, is an extended arm of these companies and provides complete peace of mind to them and their customers regarding varied customer-related issues.

To deliver the services effectively across the length and breadth of the country, Mondial India's network currently covers approximately 400 cities, and its assistance centre operates in 10 different languages.

MONDIAL



Choose the Right Option

Your retirement plan should be a mix of different investments. We analyse the various instruments and tell you how they can fit into your plan. BY BABAR ZAIDI

ILLUSTRATIONS BY ANAND SINHA

Which is the best financial instrument to invest in for retirement? A difficult question, not because there are so many options, but because investing is not a one-size-fits-all exercise. Different options suit investors at different stages of their lives. It all depends on their risk appetites and financial situations. Also, one should not lose sight of one's overall asset allocation while choosing an investment option. The Public Provident Fund, or PPF, is a good tool, but it would be counterproductive to put all your eggs in the safety of a debt instrument that is often overtaken by inflation. Stocks and equity funds are wealth creators, but it would be foolhardy to binge on them when retirement is less than 10 years away. A black swan like 2008 could have wiped out 50 per cent of your life savings.

A good retirement plan should ideally be a combination of various investments. All these options can work for you in diverse ways. We look at the investment options commonly used to save for retirement and tell you how and where they can fit into your plan.

NATIONAL PENSION SYSTEM

Your Best Bet

Returns: 6-8% (Debt), 9-12% (Equity) Risk: Low (Debt), Moderate (Equity)

Since its birth two years ago, the National Pension System, or NPS, has been in the cross hairs of too many people. Investors found it too complicated. Distributors shunned it for lack of incentives. And financial planners didn't like the tax on withdrawals or the limited liquidity that it offered. But changes in the NPS structure and tax laws have turned this unwanted, ugly duckling into a beautiful swan, which, perhaps, offers the best way to save for retirement. In December 2009, a second tier was added to the NPS structure, which injected liquidity into it. Investors in the Tier-II accounts are allowed to withdraw from the corpus, unlike in Tier-I, which can be accessed only when the account holder turns 60.

The bigger and more significant change was the tax exemption proposed for income from annuities under the revised Direct Taxes Code, DTC. If passed, this will change the way Indians save for retirement and make the NPS the household name that its architects had envisioned. This is how the NPS scores over other options:

Flexibility: One needs to invest a minimum of Rs 6,000 a year in the NPS, with at least four contributions in a year. There is no upper limit. The scheme is portable and can be operated from anywhere in the country.

Costs: The NPS charges are very low compared with those of Unit Linked Insurance Plans, or ULIPs, and pension plans from insurance firms. For somebody investing Rs 50,000 a year in NPS, this works out to less than one per cent. The NPS works best if you are investing more than Rs 30,000 a year. The Tier-II account is more of a low-cost mutual fund.

Choice: A subscriber can choose from six fund houses to manage his money and switch if he is not satisfied with the fund. He also gets to pick the debt-equity mix of his investments.

Availability: Anybody between the ages of 18 and 55 can join the NPS. It is sold through almost 10,000 outlets across the country, including bank branches and post offices.

Tax efficiency: The revised DTC draft proposes to make annuity income from the NPS tax-free. Besides, there are no tax implications when you switch between options or change from one fund house to another.

The other good thing about the NPS is the life cycle choice of funds that is the default option. Under this option, the asset allocation is defined by the age of the subscriber and changes as he grows older. So, even if the subscriber does not know the ABC of investing, his money will be deployed in a way that suits his life stage.

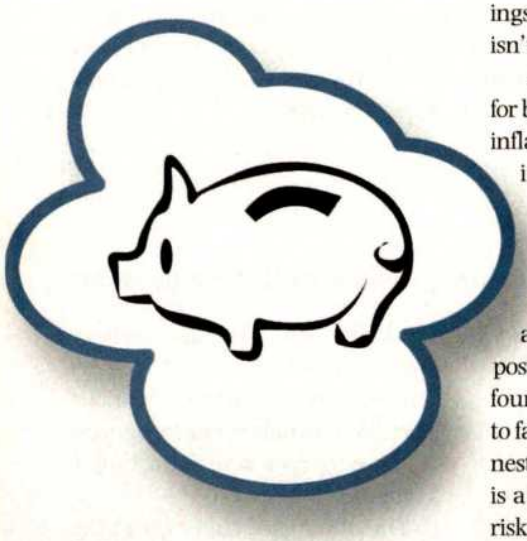
In the first year of its operation, the NPS generated average returns of 12 per cent, which is a good four percentage points higher than the yield of a PPF account. This was possible largely because the NPS invests up to 50 per cent in equities.

OUR ASSESSMENT

By bringing annuities under the exempt, exempt, exempt, or EEE, regime, the revised DTC has made

Safe, But...

Returns: 7-8.5% Risk: Nil to very low



Fixed income investments act as ballast in a portfolio, lending it stability and preventing it from tipping over when the going gets rough. As we have seen in the past two years, equity markets can behave like the ECG graph of a person with heart condition. For many salaried people, the monthly contribution to their Provident Fund, or PF, account and a matching contribution by their employers is a neat way to build a retirement corpus.

There's also the PPF, where an annual contribution of Rs 70,000 grows to Rs 25 lakh in 15 years. And, the PF and PPF are protected from the taxman at every stage. There's tax exemption on the amount invested, interest earned and withdrawals.

This is what makes fixed income investments the most popular savings option for retirement, with almost Rs 42,000 crore of household savings locked in bank deposits. After all, isn't it better to be safe than sorry?

As it turns out, you can be sorry for being so safe. With wholesale price inflation in double digits, you are losing money in your PF and PPF accounts. The purchasing power of your money is diminishing faster than the returns it is earning. Bank deposits earn even less and the income is taxable. So, the post-tax return works out to less than four to five per cent. Investors need to factor in inflation while lining their nest egg with only debt. "Retirement is a phase when one has nothing to risk and everything to lose. So, there is an undue emphasis on the need to be 'safe'," says Arindam Ghosh, Head of Retail Sales at JPMorgan Mutual Fund.

Incidentally, headline wholesale price inflation is not the only way rising prices can hurt your retirement kitty. "There is not only inflation, but also the ever-changing lifestyle and social norms. A microwave or a washing machine, which people could do without earlier, has become quintessential for living today," points out Mahendra Jajoo, Executive Director and CIO of Fixed Income at Pramerica Asset Managers.

There is also the interest rate risk to watch out for while investing in long-term deposits. If interest rates go up and your money is locked in at a lower rate, you miss out on the chance to earn a higher return. The only option is to foreclose the Fixed Deposit, or FD, after paying a penalty.

OUR ASSESSMENT

With wholesale price inflation in double digits, you are losing money in these ultra-safe investments

Little Known Alternative

Returns: 7-9% Risk: Low

For most Indian investors, the assurance of returns is very important, perhaps more than the returns themselves. So, even though some debt funds have the potential to earn higher returns, it is fixed deposits that get the lion's share of household savings. Debt funds, on the other hand, cannot hand out any assurance and, therefore, don't get that kind of attention. Barely 10 per cent of the assets under management, or AUM, of debt funds is from retail investors.

BEST PERFORMING DEBT FUNDS

FUNDS	5-YR RETURNS (%)
Canara Robeco Income	10.25
Fortis Flexi Debt	9.21
BSL Dynamic Bond Retail	8.52
Sahara Income	8.41
IDFC SSI Med-term Plan A	8.28

Returns are annualised

This, despite the several benefits offered by debt funds. "They can effectively substitute other fixed income options," says Rahul Pal, Vice President and Head of Fixed Income at Taurus Mutual fund. A liquid fund is better than money idling in a savings account. Income funds can replace long-term bonds in a portfolio. Floating rate funds give higher returns than short-term bank deposits.

OUR ASSESSMENT

They are tax-efficient and flexible, offer high liquidity and can earn higher returns

KEY
BUSINESS
ASSET

FINNAIR CORPORATE PROGRAMME

Immediate Savings
Upfront discounts on flexible tickets

No Obligations, Only Benefits
Free membership. Benefits add up the more you fly

Easy Travel Management
Company specific website for last minute changes
Updates of flight activities for better planning
50+ destinations in Europe. Fast via Helsinki

Assess benefits instantly at :
askforanoffer.finnair.com

ULIPS

One-stop Planning Shop

Returns: 6-9% (Debt), 10-15% (Equity) Risk: Low (Debt), High (Equity)

There's one investment tool that can take care of all your financial goals, including retirement planning. ULIPs not only help you save tax and create long-term wealth, but also offer life cover. However, one can go horribly wrong if one chooses an unsuitable policy or follows the wrong strategy. Recently, the Insurance Development and Regulatory Authority, or IRDA, has introduced several investor-friendly changes in ULIPs, such as a cap on the charges levied by insurers over the term of a plan. Despite the cap, a ULIP has very high charges in the first few years and the plan turns profitable only if held for the long term. Buying a plan for less than 15 years is, therefore, not a very good idea. An unscrupulous agent will try and push a 10-year plan because he would want to sell you another ULIP when the first one matures. Don't fall for it.

Also, don't be taken in by promises that a ULIP does not levy high charges in the first year or that it offers 100 per cent allocation. ULIPs deduct policy administration charges by cancelling units every month. In some cases, these can be as high as 2-2.5 per cent of the premium per month, which add up to 24-30 per cent in a year.

The other point to consider is the insurance offered by the ULIP. It is best to take the maximum cover offered by the plan. A bigger cover also means a higher deduction as mortality charge, but don't let that deter you.

Currently, the income from ULIPs is tax-free under Section 10 of the Income Tax Act. But this rule may change after the DTC comes into effect. Plans bought after March 31, 2011 must offer a life cover of at least 20 times the annual premium if the income from a ULIP is to be tax-free. So, if you don't want the taxman to come knocking when you withdraw from the plan, make sure your ULIP is DTC-compliant.

DOS AND DON'TS

ULIPs work best if held for the long term. Don't buy a plan for less than 15 years

Don't give in to temptation and withdraw from your corpus unless there is a dire need

Check the various charges levied by the ULIP. Avoid plans with high charges

Make sure your ULIP offers you life cover of at least 20 times the annual premium

Use the switching facility to rebalance the portfolio and gain from volatility. But don't try to time the markets

OUR ASSESSMENT

ULIPs pack in long-term wealth creation, tax savings and life insurance in a single product. But make sure you buy the policy that suits you

MUTUAL FUNDS

Multi-utility Investment

Financial gurus advise that you should invest in the instruments you understand. A mutual fund is a fairly simple instrument, an effective tool that cuts through the clutter of myriad options. It offers everything you want in an investment — diversification, flexibility and tax efficiency. Mutual funds are transparent, well-regulated and can be used by investors at any stage of their life.

There's something for all types of investors. If you have just started working and retirement is more than 25-30 years away, diversified equity funds is the way to go. As we all know, equities tend to outperform all other asset classes in the long term. In the past 10 years, the Sensex has

Returns: 10-12% (Balanced), 12-15% (Equity)
Risk: Moderate (Balanced), High (Equity)

risen 14 per cent against the 18 per cent notched by gold, nine per cent by bonds and 12 per cent by real estate. What many don't know is that an actively managed basket of stocks can do even better than the broader market. The equity diversified category has risen 25 per cent during the same period.

If you take the plunge in equities, be prepared for years when your investments will not grow but actually fall in value, as it did in 2008. But don't let this prevent you from adopting an aggressive strategy, which involves investment primarily in stocks. As we have mentioned before, if you adopt an ultra-safe strategy

when you are very young, you may end up with a retirement corpus smaller than you might have wanted.

As an investor turns older and his responsibilities increase, it is prudent to scale down the exposure to equities. Balanced funds, which invest in a mix of debt and stocks, are the best vehicle at this stage. They may not match the scintillating returns of equity funds, but they carry a lower risk. Consider index funds, too, which invest in the stocks of an index in the same proportion as their weightages in the benchmark. The passive investing by index funds is cheaper than the churning by actively managed funds. Index funds have lower expense ratios than diversified equity funds and are, therefore, good bets over the long term. Balanced and index funds are appropriate options if your retirement is about 10-15 years away.

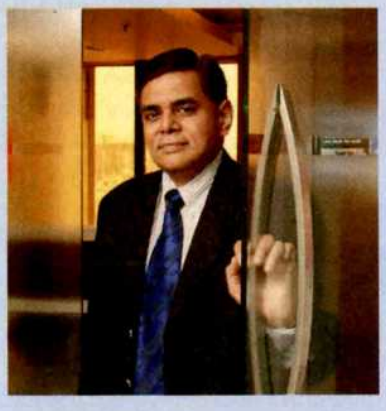
If this is too complicated for you and you want someone else to do the reviewing and rebalancing for you, opt for asset allocation funds. These funds switch between debt and equity depending on market conditions. They do away with the need for the investor to check his asset allocation and make changes. "An investor who wants to outsource the process of asset allocation to a fund manager could look at investing in these funds," says JPMorgan Mutual Fund's Ghosh. As it turns out, it pays to be cautious. Take the case of the Franklin Templeton Dynamic PE Ratio Fund, which divides its corpus between two schemes of the fund house. In the past five years, this fund of funds has earned annualised returns of 18.86 per cent, which is marginally better than the 18.12 per cent earned by diversified equity funds.

Monthly income plans (MIPS) are suitable for conservative investors who don't want a large exposure to volatile assets. They are specially designed for retirees, who want to earn a monthly income from their investments. MIPS provide a regular income by way of dividends from the distributable surplus. These funds are fairly stable because they invest around 80 per cent of their corpus in the safety of debt, and the balance 20 per cent is invested in equities to help beat inflation.

OUR ASSESSMENT

Transparent, low on costs and versatile, mutual funds offer everything you need to plan for your golden years

Leg Up for Pension



G. MURLIDHAR

Under the revised draft of the DTC, pension products, including the NPS and annuity schemes, will come under the EEE regime. While this is certainly taxpayer-friendly, it is not clear whether the EEE treatment refers to the annuity stage in general (whereby pension income will become tax-free) or remains limited to the purchase of annuity (whereby pension income will be taxed as regular income). It would only be right to make the entire annuity (regular pension income) tax-free as the individual in question would by then be well past his earning years. A friendlier tax regime has proven to be the most effective way to mobilise long-term savings.

sideration is the proposal mooted in the original DTC discussion paper to make the Pension Fund Regulatory and Development Authority, or PFRDA, the approving authority for 'permitted savings intermediaries' (PSIS). A 'life insurer' is classified as one of the PSIS. Currently, pension plans issued by insurance companies are approved by the IRDA, while the PFRDA deals with the NPS. The DTC should ensure that pension plans approved by either regulator enjoy parity.

The attractive tax breaks offered under the DTC, combined with factors like the cap on charges and optional life or health cover as riders, will give pension plans a holistic appeal, making them an attractive proposition for investors. ⊙

Run, Jump, Twist and Turn

Microsoft's Kinect system for the Xbox 360 game console is fun, and also gives you an idea of the future. BY KUSHAN MITRA

Three years ago when Nintendo introduced the Wii game console, it changed the face of gaming — not with astonishing game titles, but with the way a player interacts with the game. The 'Wiimote' game controller allowed players to throw, hit and strike objects in the game. It made gaming fun again, and brought back people who might have previously been intimidated by gaming.

But it also led to a unique set of problems. Smashed TV screens and random injuries caused by flying Wiimotes. Now, Microsoft's Kinect system is taking the basic concept of the Wii — of physical actions to interact with the game — a step further by removing the remote altogether.

It seems weird when one plays a game using the Kinect system. The Kinect receiver lies in front of the TV and is nothing extraordinary in itself. You hold no wires, no controls... nothing. But when you wave your hands around, the character on the screen does the same. Not so long ago, to capture motion you had to wear an array of wires and little fluorescent patches, and that is what even the major special effects companies used to do. Here, the Kinect's video camera captures 48 different points on your body. It is so accurate that it can also recognise your face and load the character that you have created (an 'Avatar') in the game.

But it is during gameplay that the system really shines. In the athletic games, the more vigorously you move your thighs up and down, the faster you run. The one whose name is not Usain Bolt could not run so fast in real life, but the interface works.

Bowling is even more fun. You could throw the ball overhead, sideways and maybe even properly underarm. The system is accurate enough to realise that you have imparted spin to the ball when you turn your wrist while throwing it. The fantasy racing game was quite a lot of fun as well, especially because a second player could easily trot into the game and play. The games played (and enjoyed) were demonstration versions.

The Kinect captures data from 48 points of the body

The Kinect system will be launched in the US only as an add-on to existing Xbox 360 units and new ones from November. Initial pricing, for the Kinect system alone, is $149. In India, Kinect should be available before the end of 2010 and the price after excise and duties are paid is expected to be closer to Rs 10,000.

More importantly, this new user interface is a more natural way of interacting with the computer than either the keyboard and mouse, or even touch. Using gestures, such as a wave of the hand, pinching and zooming with your fingers, to interact with computers or even other types of consumer electronics such as the TV in conjunction with voice controls, gives a taste of the future. American science fiction TV shows in the 1950s and 1960s had computers like that. It has taken a while, but Kinect is the future. Not just of gaming, but of much else. ⊙

HR KNOWLEDGE INITIATIVES 2010

I) SHRM INDIA - We Know Next

SHRM India, a part of SHRM (The Society for Human Resource Management), is the world's largest professional HR association, with more than 250,000 members in over 140 countries. As a non-profit institution, SHRM serves the needs of HR practitioners by providing the most current and comprehensive knowledge resources, and promoting HR's essential, strategic role. SHRM India facilitates thought leadership, education and research in HR, partners industry to enhance HR capability, enables professional development, provides a platform for networking and exchange of knowledge resources and practices within the Indian and global HR communities.

Beginning 2008, SHRM Global earmarked India as a key growth region and has scaled up operations considerably. In a short period of time SHRM India has carved a niche for itself by offering value added HR products and services that are at par with global standards but uniquely customized to people challenges faced in India.

This paper outlines some of our key Knowledge initiatives aimed at supporting and advancing the Human Resource Profession in India, on a par with global standards.

II) PRESSING PEOPLE ISSUES

With business growth doing a U-turn after a very lean phase last year, the talent markets are heating up once again. Attrition is on the rise and talent attraction, engagement and retention are key people issues that keep most CHROs (Chief Human Resource Officers) awake at night yet again...

The challenge is particularly acute for those organizations that let people go last year and are now in a mad scramble to build capacity and capability, with a workforce that is largely new to the organization.

HR teams are no exceptions. Retaining good HR people who are in scarce supply, building both generalist and specialist Human Resource skills and scalable HR processes to meet the rising demands of business are among the key issues that most CHROs are grappling with.

III) KNOWLEDGE INITIATIVES

a) Knowledge Center

The SHRM India Knowledge Center is an integral part of SHRM's value proposition that aims:

i. To support HR professionals by providing HR solutions and enabling problem solving relating to their current work.
ii. To advance the HR profession by creating a body of knowledge and expertise to deal with future people challenges.

The broad approach for the same is outlined below:

i. 11 Panels have been set up comprising a mix of 40 top notch HR Subject Matter Experts from the Industry, Academia and Consultants.
ii. The Panels cover 8 key HR disciplines (such as Strategic Human Resource Management, Talent Acquisition, Performance Management to name a few) and 3 contemporary and emerging areas (namely, Executive Coaching, Diversity and Social Media)
iii. The panels would engage with the HR community through various on-line formats in a phased manner. That is, we would begin with Chat shows and Webinars and then move to setting up Advisory Panels where members can write in with their queries.
iv. We will launch a full-fledged Knowledge Center staffed with full time HR professionals within a year of launch.

b) HR Subject Matter Expert Summit 2010

To evolve a robust road map for the Knowledge Center we are engaging all our Subject Matter Experts in a Summit on 17th September '10. Representing the 'voice of the customer' would be some of our active members who have played a lead role in our various events. The design for the Summit promises to be very participative using interactive technology including social media.

Immediately post the Summit we will commence the Knowledge Center operations using online Chat and Webinar formats to enable HR professionals to access the Subject Matter Experts on the various HR disciplines and emerging areas described above.

c) India based Research

SHRM India undertakes three basic types of research studies:

i. Case studies: With the business spotlight moving to emerging markets, we plan to showcase our case studies focused on large Indian organizations with unique HR practices (e.g. LIC, Aarvind Eye Care and Indian Railways) to a global audience.
ii. Application Research: Such research focuses on providing solutions for current challenges faced by HR professionals (e.g. HR Metrics, OD Best practices)
iii. Thought Leadership Research: We are partnering two premium B-schools to undertake original, India based research on people challenges in contemporary and new areas and so guide such initiatives in the future (e.g. Gen Y, CXO Development)

d) CHRO Thought Leadership Forum

We are planning to invite over 150 CHROs in December '10 and use exploratory work groups, to identify key areas that would shape the HR agenda in the medium to long term. We would also identify the specific support and resources that they need from SHRM India to enable HR and business success.

This ties in with our strong belief in co-creating people solutions with our clients and partners. Our strategic initiatives for next year will emerge from this HR agenda.

e) Gen Y Initiatives including HR Fest

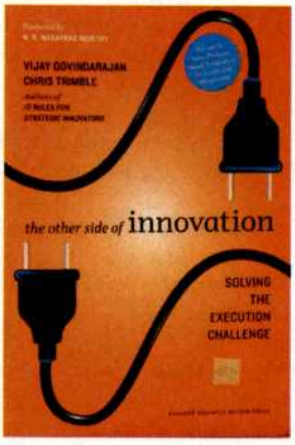
SHRM is committed to knowledge initiatives focused on Gen Y who are going to be our leaders for the future. Our research efforts in this direction have been described above.

We have recently partnered with the Indian Society of Training and Development for an event on Leadership for Gen Y Era in September '10.

We have already commenced preparations for organizing a grand HR Fest for young HR professionals next year. Beginning this year, young HR professionals would be encouraged to participate in Knowledge and Team based games. This would culminate with a grand Award ceremony during the Fest. So watch out for the action!

'I'm Yet to Find a Company with a Perfect DNA for Innovation'

In their book *The Other Side of Innovation: Solving the Execution Challenge*, Vijay Govindarajan and Chris Trimble – both faculty at the Tuck School of Business at Dartmouth – have questioned many established views on innovation. In a conversation with *BT*, Govindarajan explains why.



PUBLISHER: Harvard Business Review Press
PAGES: 220
PRICE: Rs 695

"Today, too much emphasis is being put on creativity... As a result, companies have lots of ideas, but do not know what to do next. They lack the execution skills"

In your book you argue that innovation is not all about creativity...

Innovation is not just creativity. It is commercialising the creativity. Thomas Alva Edison put it succinctly over a century ago: "Genius is one per cent inspiration and 99 per cent perspiration." Today, too much emphasis is being put on creativity because it is glamorous and does not cost money. As a result, companies have lots of ideas but do not know what to do next. They lack the execution skills. The book is all about solving the execution challenge.

You have said that organisations are not designed for innovation. At the same time, you do not believe that innovation can happen only in a skunk works or a start-up. Isn't that paradoxical?

The challenge is to resolve this paradox. Organisations are designed not for innovation, but for efficiency. They are focused on the ongoing operations and want to make every activity as repeatable and as predictable as possible. Only then can they scale it and make as much profit as possible. Innovation is quite really the opposite. By definition, innovation is unrepeatable and unpredictable. It is an experiment. One can say that it is here a start-up or a skunk works will make sense. But with a start-up or a skunk works, you can't leverage the core competency and resources of an established business. At the same time, if an established organisation focuses only on efficiency and ignores innovation it will die. That is because old businesses die after some time and new businesses need to take over. It is innovation that delivers the new business. So if you want your organisation to remain an institution, you should innovate inside your organisation.

Is it possible to achieve excellence in ongoing operations and in innovation at the same time?

Yes. The challenge is to avoid the contradictions between an ongoing operation and innovation. We are suggesting setting up of a separate, dedicated innovation team. That way each function will perform on the basis of its respective mantra — ongoing operations will run on efficiency and budgets, while the innovation team can be evaluated on the quantum of learning.

What is the DNA of a good innovator company?

A company that is good in innovation will have three important ingredients.

IT'S THE END OF DOUBTS. MINT, NOW WITH MINT MONEY.

Our research has shown that favourable exchange rate pricing and recession have taken the shine out of the overseas real estate market. So, many distressed properties are available in Spain for rates

G. KESHAV RAJ

Govindarajan: Innovation is commercialising the creativity

Senior leaders will allocate certain resources (money and people) for growth and innovation.

They will also create a separate team to undertake innovation. You cannot get the core team managing the ongoing operations to innovate as well. The innovation team will be linked to the core. The management will look at innovation as an experiment and judge it not on short-term financial criteria, but on how the team has been able to run the experiment and learn from it. If you judge the innovation team on results, you will not get results. If you judge them on learning, you will see success.

How many companies have you come across with this DNA?

I am yet to find a company that has a perfect DNA for innovation. As part of the research for this book, we studied over 25 companies very closely but could not find a single company with all the qualities. What we have done is looked at the best practices of all these companies and put them together for the readers to understand what an ideal innovator company should have. If you ask me which are the companies closest to achieving it, my response will be IBM, General Electric, PepsiCo and Procter & Gamble.

Any Indian company which has in it to become an ideal innovator?

Infosys Technologies and Tata Group are good examples. Infosys started in 1981 as a custom software provider and created the global delivery model. That worked for about 20 years. In 2000, the landscape changed and players such as IBM and Accenture began embracing the global delivery model. Infosys could no longer run its custom software business at the same level of profitability. But for the next 10 years, it continued to grow profitably through innovation. This it did by foraying into consulting and competing with the likes of McKinseys. Consulting was started as a separate business and a dedicated team was put in place. But the consulting team leveraged the strengths of the core business, which is customer relationships. It also used the global delivery model in consulting to offer a different value proposition to its customers. In 2000 Infosys's revenues stood at $200 million (Rs 920 crore). Today it is $5 billion (Rs 23,000 crore).

Tata Group has done wonders, too. If you recall what the group was like when Ratan Tata took over and what it is today you will understand the fundamental change that has happened—be it in Tata Steel, Tata Motors or any other group company. ⊙

As an innovation leader, you must find a way to walk a narrow and delicate path. You must create a dedicated team that is purposefully distinct from the performance engine. At the same time, you must always treat the performance engine like a critical strategic partner. You must never alienate it, rebel against it, let your interactions with it drift into rivalry or hostility, or succumb to the temptation to view it as your antagonist. This is tough. There are real and substantive conflicts between innovation and ongoing operations. Innovation often requires short-term sacrifice in order to achieve long-term gain. As such, the performance engine usually has a good reason to fight you. It must, if it is to maximise quarterly profits.

Page 76, Chapter 3: Manage the Partnership

10 Myths on Innovation

1 Innovation is all about ideas

2. The great leader never fails

3. Effective innovation leaders are subversives fighting the system

4. Everyone can be an innovator

5. Innovation happens organically

6. Innovation can be embedded inside an established organisation

7. Catalysing innovation requires wholesale organisational change

8. Innovation can happen only in a skunk works

9. Innovation is unmanageable chaos

10. Only start-ups can innovate

Pages 172-179, Conclusion

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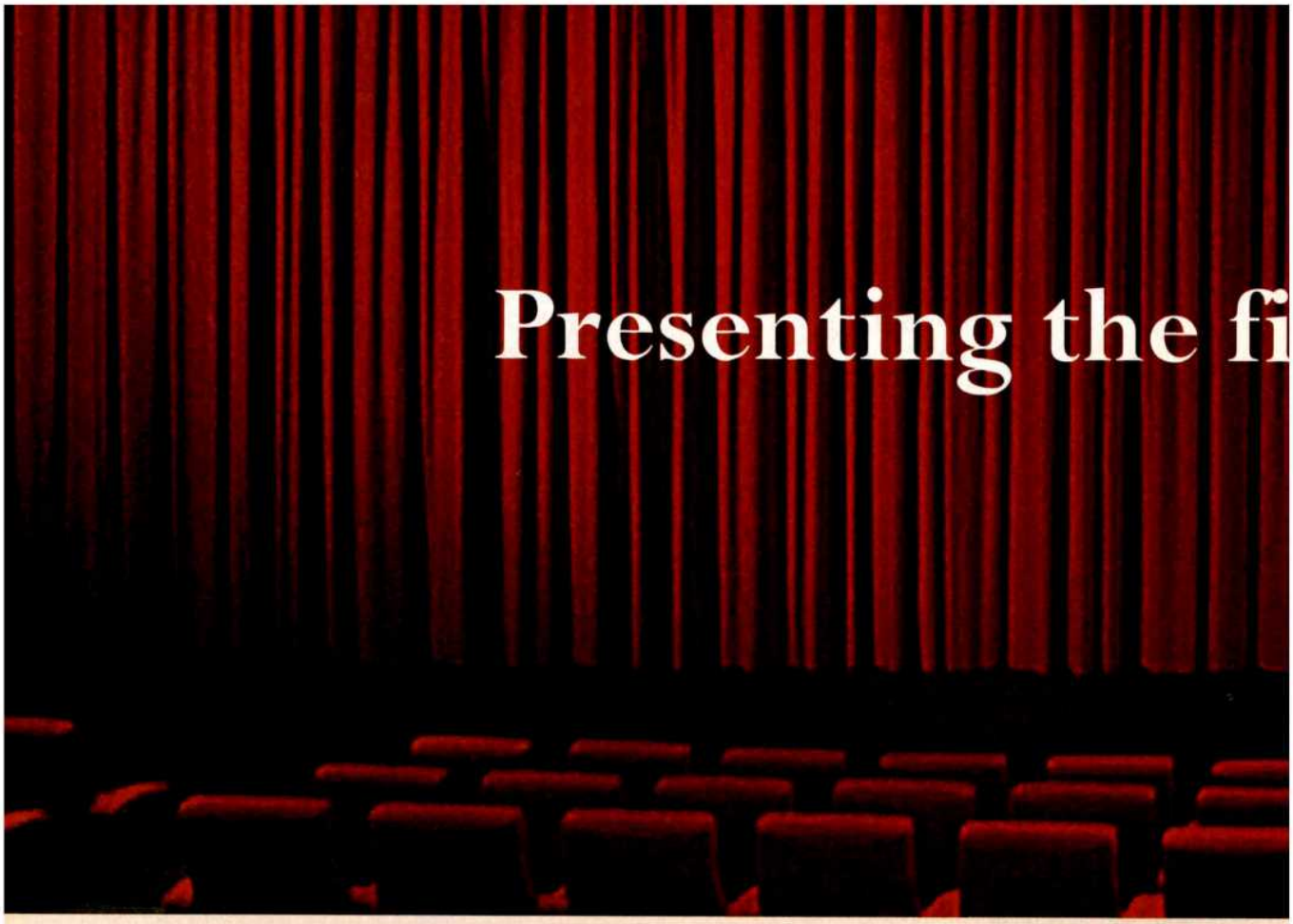

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Frozen Shoulder? Don't Shrug It Off

A sedentary lifestyle and zero exercise of shoulder muscles are the triggers. BY SAUMYA BHATTACHARYA

Pratibha Pinto works as an executive assistant to the chief executive of a Gurgaon-based BPO firm. The 30-year-old has been working for nine years and spends more than 10 hours every day sitting in front of the computer. Six months ago, she slipped and hurt her left shoulder, but ignored it. "The work does not stop and I neglected my shoulder," she says. The consequence? A painful condition known as frozen shoulder.

"My doctor told me it was a lifestyle issue coupled with a small injury. Plus, I drive 37 km to work every day. That hardly helps," says Pinto. She needed arthroscopy, a minimally invasive surgical procedure, and is currently recuperating.

MONEY SHARMA

Pinto is not alone. Young professionals like her are increasingly susceptible to adhesive capsulitis or frozen shoulder, according to Dr I.P.S. Oberoi, Senior Consultant, Orthopaedics at Artemis Health Institute, Gurgaon. "The condition was earlier associated with people over 40, but now we are seeing cases of frozen shoulder in people in their early 30s," says Oberoi. He treats 8-10 frozen shoulder cases every day.

Frozen shoulder is marked by stiffness of the shoulder joint that restricts movement. It's painful and usually starts from the dominant shoulder (the right shoulder for a right-hander). The pain is more severe at night and simple movements like combing hair, picking up articles and carrying a laptop become difficult. "The pain is pulsating and shooting. It may progress to fingers, arms, neck and elbows," explains Oberoi.

Orthopaedic experts say the prevalence of frozen shoulder among professionals is increasing due to sedentary lifestyles and a lack of exercise. "Along with diabetes and hypothyroidism, cases of frozen shoulder are also increasing. These two conditions can bring on frozen shoulder," says Oberoi.

He recommends a plan of action to avoid a stiff shoulder. If you are desk-bound for several hours in a day, take frequent breaks. This could be a five-minute break every one-and-a-half hours. "You can rest your shoulder, neck and even eyes in these five minutes," says Oberoi.

The shoulder is the most mobile joint of the body. So, do rotate it to the full extent once a day. "You can gently massage the girdle of your shoulder if you feel some stiffness there when driving or working," says Oberoi. Also, always maintain a good posture — the head should be up and the shoulder slightly back.

Early detection is much better than handling an extremely painful condition. So, look for early signs of frozen shoulder like difficulty in picking up lightweight items, advises Oberoi. And if there's one thing you should lobby for at work, it's proper ergonomics. ⊙

HOW TO AVOID A STIFF SHOULDER

- If you are desk-bound, take a break for five-odd minutes every one-and-a-half hours to rest your shoulder and neck
- The shoulder is the most mobile joint of the body. So, do rotate it fully once a day
- Keep a good posture– the head should be up and the shoulder slightly back
- Ask for a chair and workstation with good ergonomics
- Look for early signs of frozen shoulder like difficulty in picking up lightweight items
- Monitor your diabetes and hypothyroidism as those can lead to painful shoulder conditions

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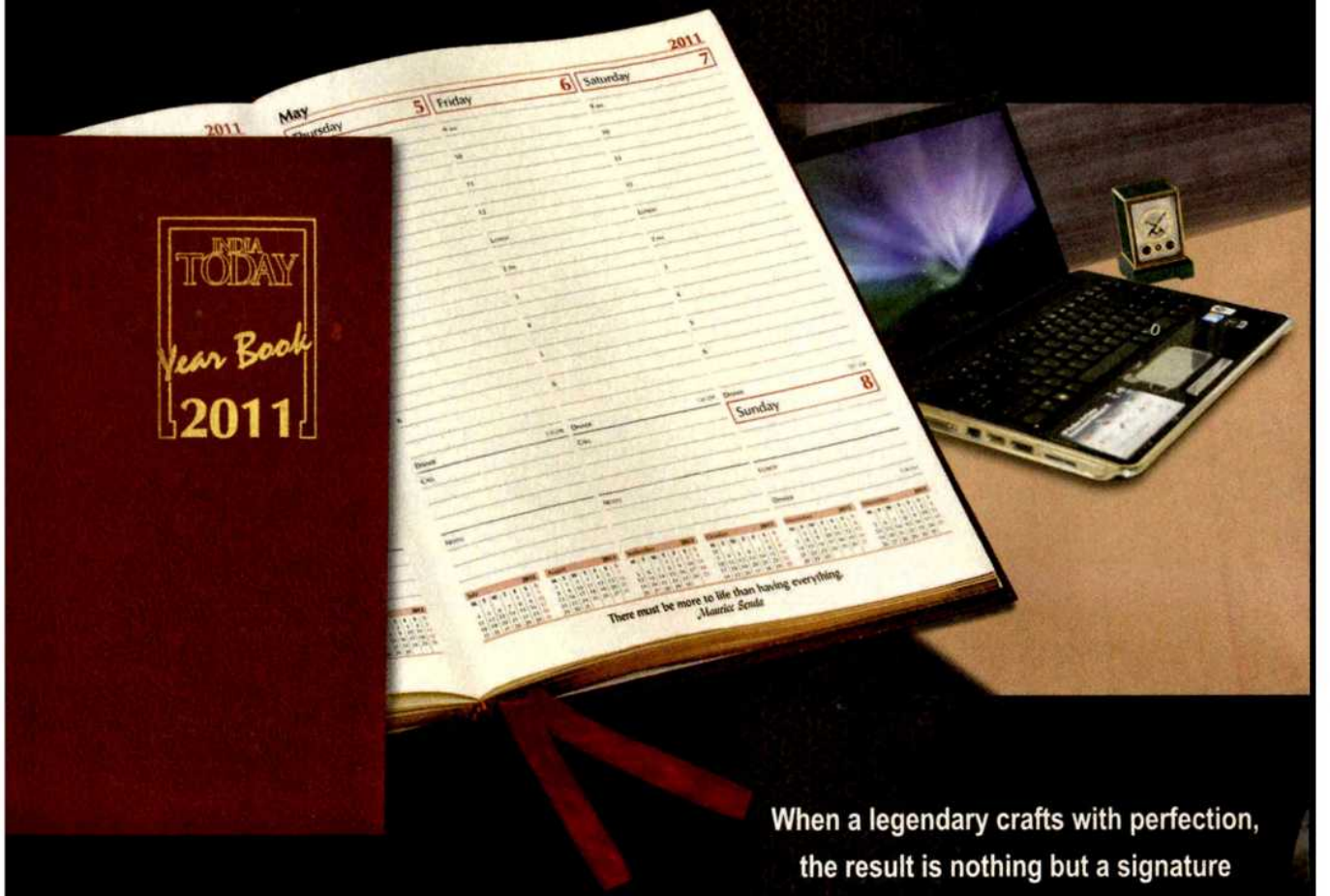

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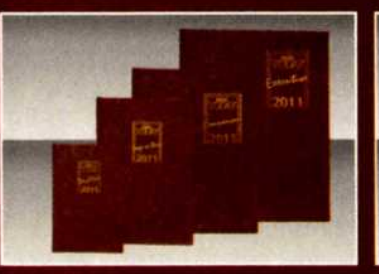

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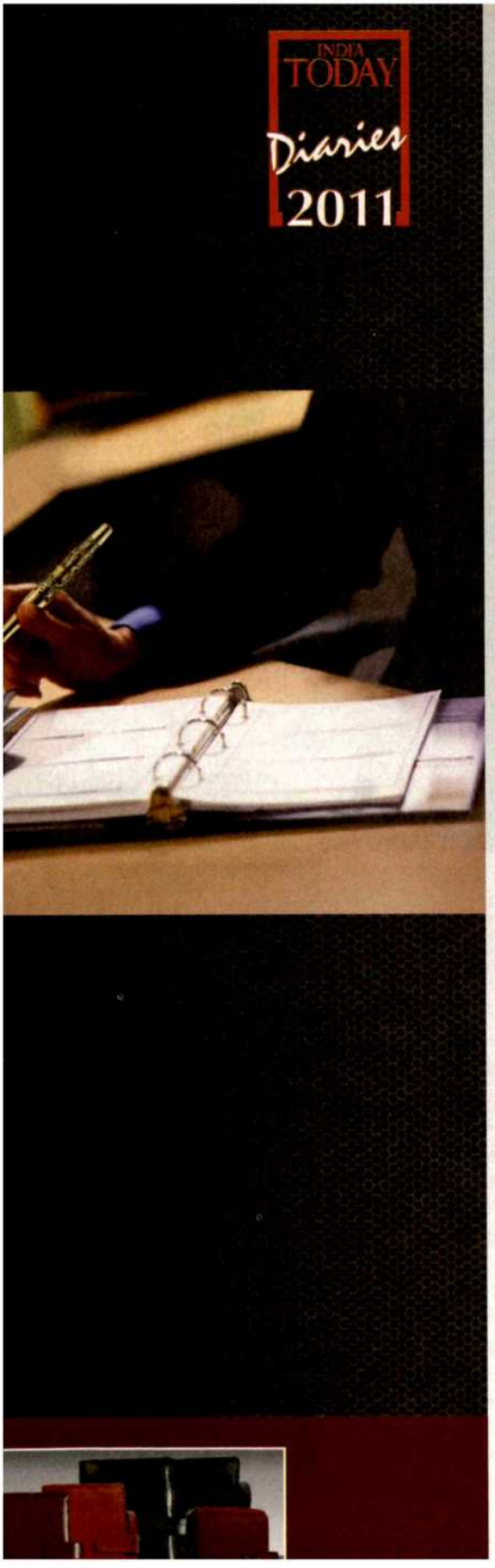

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DEEPAK PURI

Power Games

DEEPAK PURI, Chairman and Managing Director of Moser Baer, has more than the sun in his vision. After pursuing solar dreams — photovoltaic equipment — through Moser Baer, he is now chasing power of different kinds (thermal and hydro included) through an unlisted company. Private equity heavyweight Blackstone Advisors plans to pour in Rs 1,350 crore to fund it. "If I and other businessmen like me do not pick up the challenge, then India will remain dark. Only fools will not realise that this is the land of opportunity," he says. Brave words those, but they apparently failed to convince the Board of Moser Baer. A power foray, it concluded, was a risk that it did not have an appetite for, forcing Puri to do the business outside Moser Baer. But he is infectiously optimistic: "To win a race, you need a good horse and a good jockey. We have both."

SHALINI S. DAGAR

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ARUN SAWHNEY

Mr Right?

Churn seems to be a constant at the top at Ranbaxy Laboratories. In less than two years since Japan's Daiichi Sankyo took control, it has appointed its third MD. **ARUN SAWHNEY**, 55, who replaced Atul Sobti, was until recently president of the company's global pharma business. In his new role, Sawhney has to continue with the recent bright patch at the drug maker after months of regulatory trip-ups, while keeping the synergies with the parent company intact. A strong understanding of the sector — he has over three decades of global experience with companies such as Max-Gb, Hindustan Ciba-Geigy, Bayer and Dr Reddy's Labs — and the ability to manage end-to-end business should come to his aid.

MANU KAUSHIK

LUCY JAMESON

Building Brands, Socially

An Oxford graduate in History, **LUCY JAMESON**, 38, Executive Strategy Director at ad agency DDB UK, and Chair of DDB's Global Planning Futures Group, is overwhelmed by the fact that several Ivy League graduates are taking up advertising as a career in India. She says: "You do find Oxford and Cambridge graduates in the United Kingdom taking up advertising as a career but in the United States it is not so." Jameson was in India recently at the invitation of DDB's India partner Mudra to share DDB's global positioning, explain different case studies and take Indian media planners through the new planning tools. DDB Worldwide has a 10 per cent stake in Mudra. In May 2010, the DDB Group went in for a new global positioning — social creativity. According to Jameson, future campaigns need to be inherently social and inspire behavioural change — ideas that connect people with people as well as people with brands. DDB Mudra, the agency that is internationally aligned with DDB, handles a lot of DDB's global clients like Volkswagen, Philips, Johnson & Johnson and Henkel.

ANUSHA SUBRAMANIAN

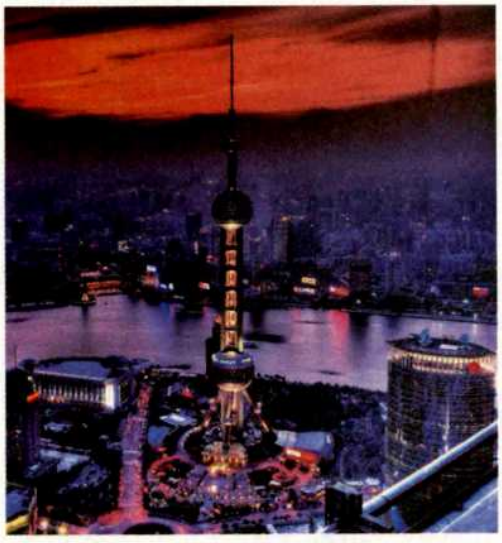
NOKIA 5250

Touch Music

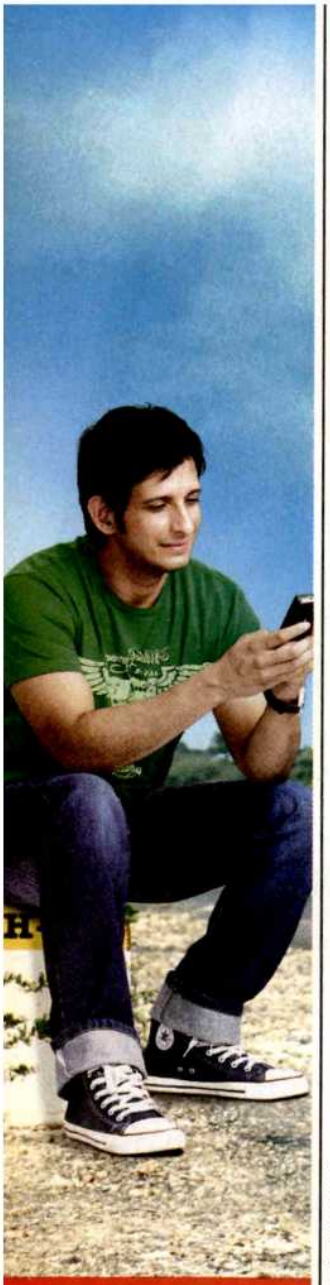
Nokia might be having a hard time at the top end of the device market, but not at the larger middle segment, where it is planning to launch the new 5250 later this year. A music-optimised touch screen device, the 5250 will come with full social and e-mail integration as well as Nokia's Ovi Music service with unlimited downloads. And Nokia claims the device can play music for 24 hours non-stop. But with Nokia's rivals launching touch screen devices below Rs 5,000, the 5250 will have a fight on its hands.

SHANGHAI

China's Showpiece



It is often said that if you want to see and feel China's growth, you should visit Shanghai. Not just China's financial capital, it is a tourist destination in its own right, too. Glass and steel financial and commercial houses as well as grand mansions built in the 1930s in European architectural styles all coexisting at the Bund on the banks of the Huangpu River will awe visitors. Nanjing Road is considered to be the 'No. 1 commercial street in China' with some 1.7 million people shopping there every day. The other landmarks are the Yuyuan Garden, the largest of the city's ancient gardens with Ming and Qing architectural styles, Jade Buddha Temple, the Oriental Pearl TV



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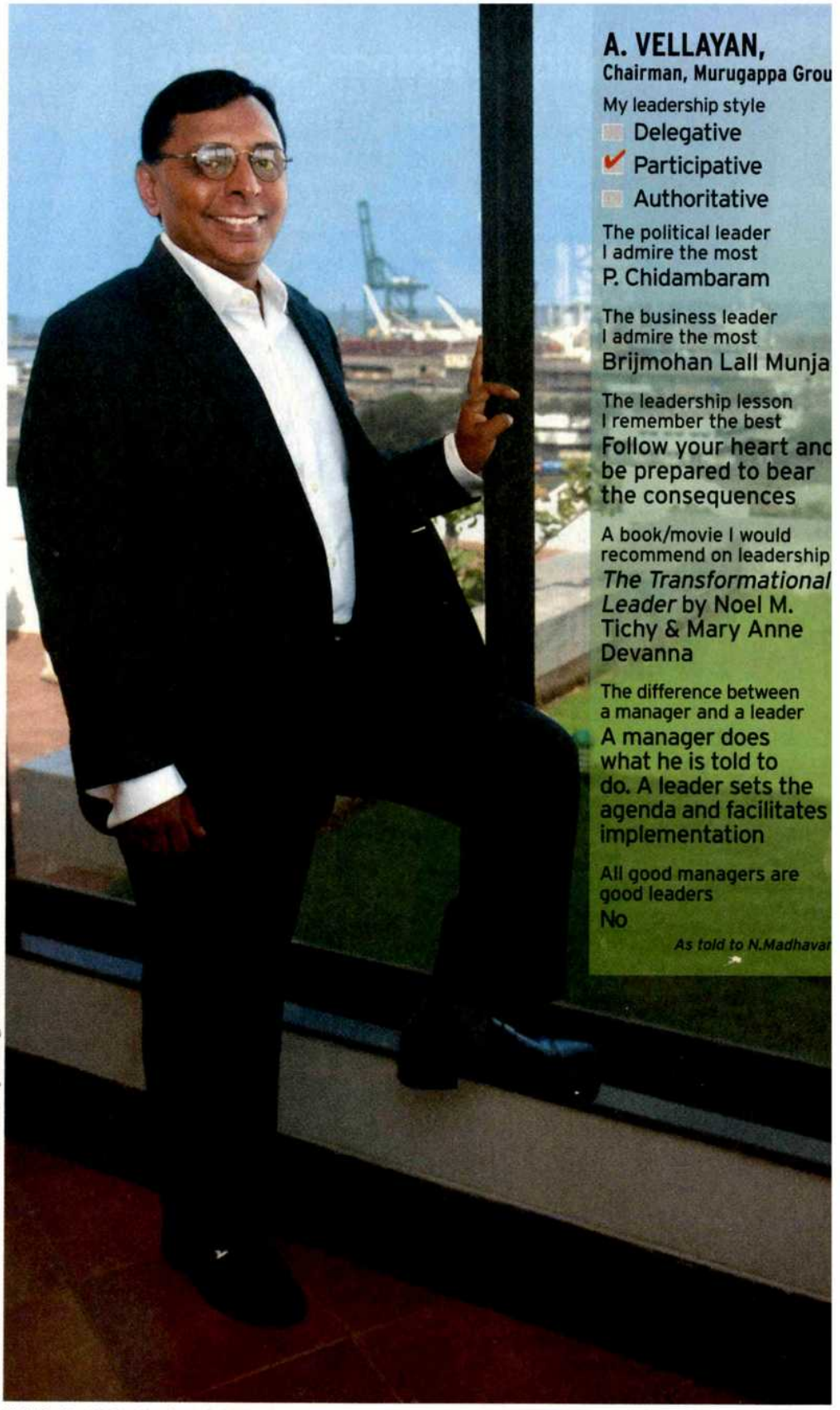

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As told to N.Madhavan

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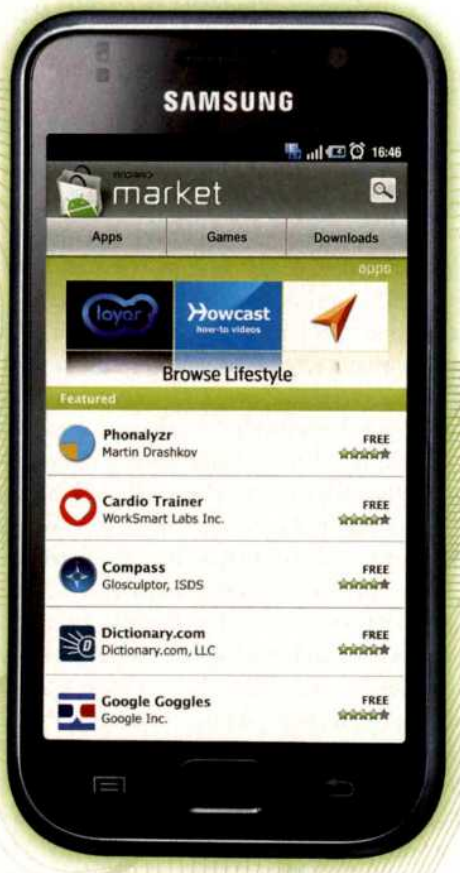

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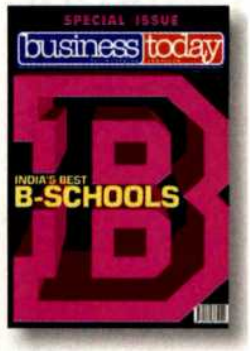


Professional suitable match for beautiful, slim MBA Punjabi girl ... Boy to be MBA, Engineer, CA."

Not too long ago, in the matrimonial ads crowding our weekend newspapers, brides or grooms looking for a mate proudly proclaimed that they were "BA Pass", the key to a happy life. No longer, though. India produces millions of job-seekers every year, but many of them are not employable. We are starting to suffer painful muscular cramps caused by a skills scarcity. We do not have enough teachers or engineers, but we produce so many management graduates that "MBA Pass" is becoming the lowest common denominator. We are drowning in an ocean of MBAs — upwards of 150,000 every year. India has ten times the number of business schools that China does, and four times the number of U.S. business schools. The sad truth is that we have debased the coinage.

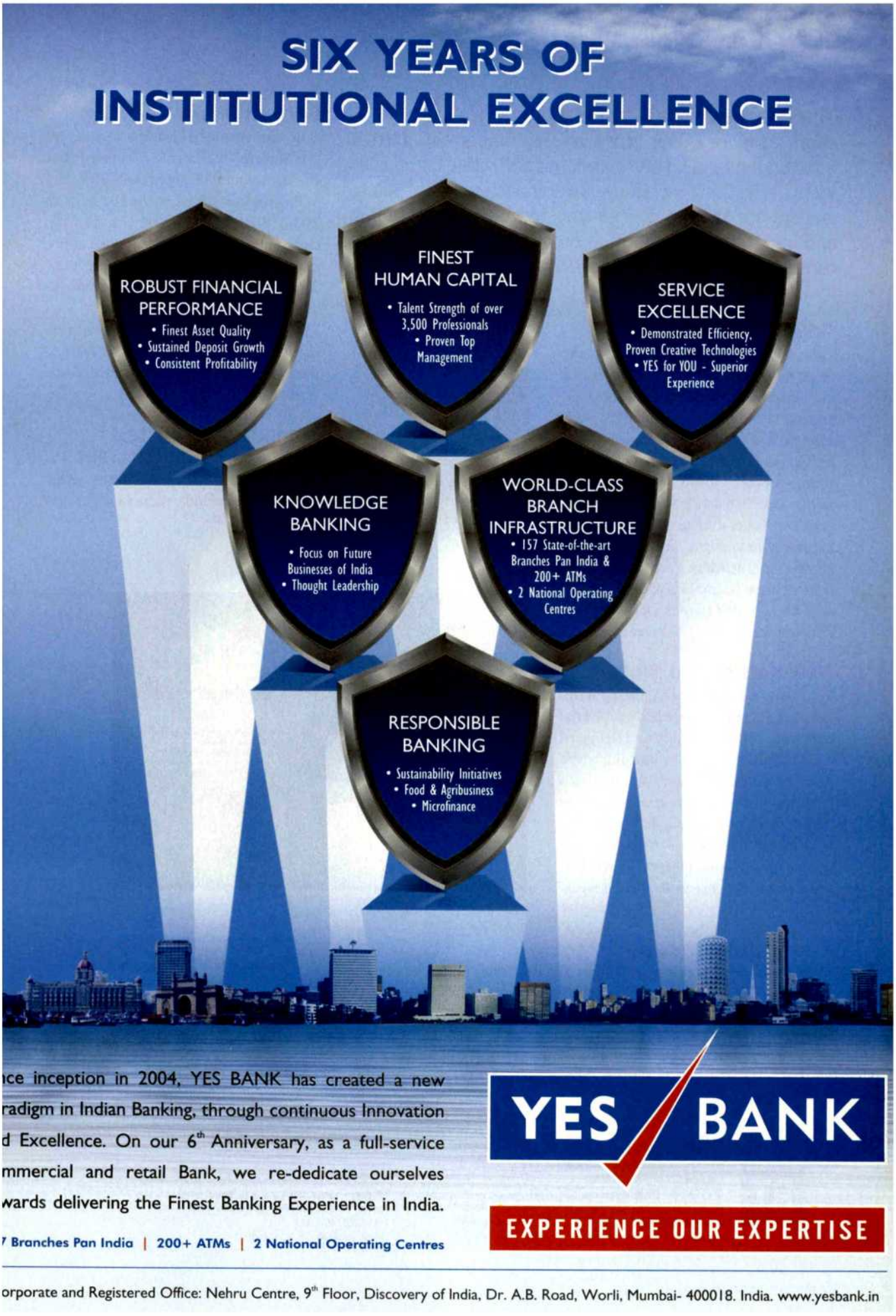
"Indian companies don't yet have a great track record for world-beating innovation," Harvard Business School's Dean Nitin Nohria said while reviewing two decades of Indian reform in his JRD Tata Memorial Lecture in late July. He said Indian companies will need to be "much more proactive" in R&D and innovation in the next decade if India really wants to leapfrog to developed status. "Innovation for the global marketplace will require a new, more cosmopolitan type of leadership that can build companies with a more global footprint. These new leaders will need to have the vision and passion of someone like Steve Jobs, who has come to almost personally symbolise innovation," Nohria said (you can read his speech at http://bit.ly/nohria).

Our B-schools struggle to find good faculty. We do not have the gender balance right. Placements are ropey. But the B-schools fight fiercely for the lakhs of young undergraduates who take the CAT or other entrance tests. The problem is that most of them go straight into MBA programmes with zero work experience — something that almost never happens in the United States. That pattern is slowly changing, led by the Indian School of Business in Hyderabad, where we document one student's life in an innovative photo essay (page 98).

Samir K. Barua, Director of IIM Ahmedabad (which has topped the *BT*-Nielsen B-school Survey over the past eight years) says we have gone overboard in business education. "They are no longer educational institutions, they are commercial organisations," he told me. The miracle is that the state-run IIMs, with their faculty salaries dictated by the Pay Commission, still produce so many good managers. And innovators too. IIM-A's Centre for Innovation, Incubation and Entrepreneurship has been mothering about 25 start-ups, and most of them will reach fruition over the next three or four years. Also, Barua estimates that about one-tenth of IIM-A's 8,000 alumni over its 49-year history are entrepreneurs.

This fortnight's magnificent array of research, analysis and reportage is a true keepsake — from the necktied wannabes in Darbhanga to a look at why we don't have enough women managers to the not-so-surprising discovery that just about a fifth of the "Sensex CEOs" possess MBAs. Aside from the rock-solid "A, B, C" sequence at the top, our expanded rankings of the country's top 50 B-schools, based on a wider sample, have their share of ups, downs, and outs. Enjoy.

Chaitanya Kalbag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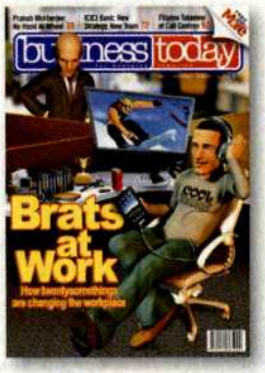
The Charge of the GenY Brigade

Brats at Work (cover story, BT, September 19) offers a good understanding of the dynamics affecting companies with a large GenY workforce. So companies and corporate leaders are keen to play to the strengths of this young and impatient generation in order to reduce employee turnover and bump up productivity. **Vineet Madhukar**, *Delhi*

Adapting to Change

There's no doubt that the twentysomething GenY is fundamentally changing the corporate landscape. Today, GenY is the hot topic among HR executives and talent management professionals. Firms, in order to proactively adapt to the shifting mindset of this young workforce, are increasingly emphasising work-life balance and looking to engage them better through training, mentoring and by encouraging informal networking and social activities. Companies are also helping these young kids to develop their skills faster so that they can take on larger responsibilities. **Prerna Rai**, *Delhi*



New Kids on the Block

Your insights about GenY are spot on. GenXers, like myself, rebelled against the cubicle-to-coffin mentality and struggled for workplace flexibility and improved benefits. I agree with you that here's a generation that does not view work as merely a way to make a living but as a form of self-fulfillment — it doesn't want to take up a job that pays well but is boring or annoying. **Shashi Shekhar**, *Bangalore*

The Tech Whiz-bang

Hello, Tomorrow! (BT cover, September 5) reflects the changes in our lives and lifestyle. Newer technologies and devices are not just flattening the world and making people hyperconnected, they are also reshaping our attitudes in profound and lasting ways. It's therefore no surprise that most people we come across today are either iPhone wielders, BlackBerry owners, laptop users or users of basic mobile phones. **B. Rajasekaran**, *Bangalore*

Corrections

In an interview with Vishal Sikka, SAP's CTO (BT, September 5), it was reported that Hasso Plattner had moved away from day-to-day responsibilities in the company in 2010. Plattner had stepped back from chairmanship of SAP in 2003 and continues to be the Chairman of its Supervisory Board. Sikka has two sons and not daughters as reported in the interview.

The brand mascot of Tata Sky's interactive services is Actve and not Active as mentioned in *India Inc's Tryst with Social Media* (BT, September 19).

Managing Conflicts

Resolving Conflicts at Work (BT, Sept. 19) proves that tackling problems head on is the way to their resolution. **Satya Betai**, *Mumbai*

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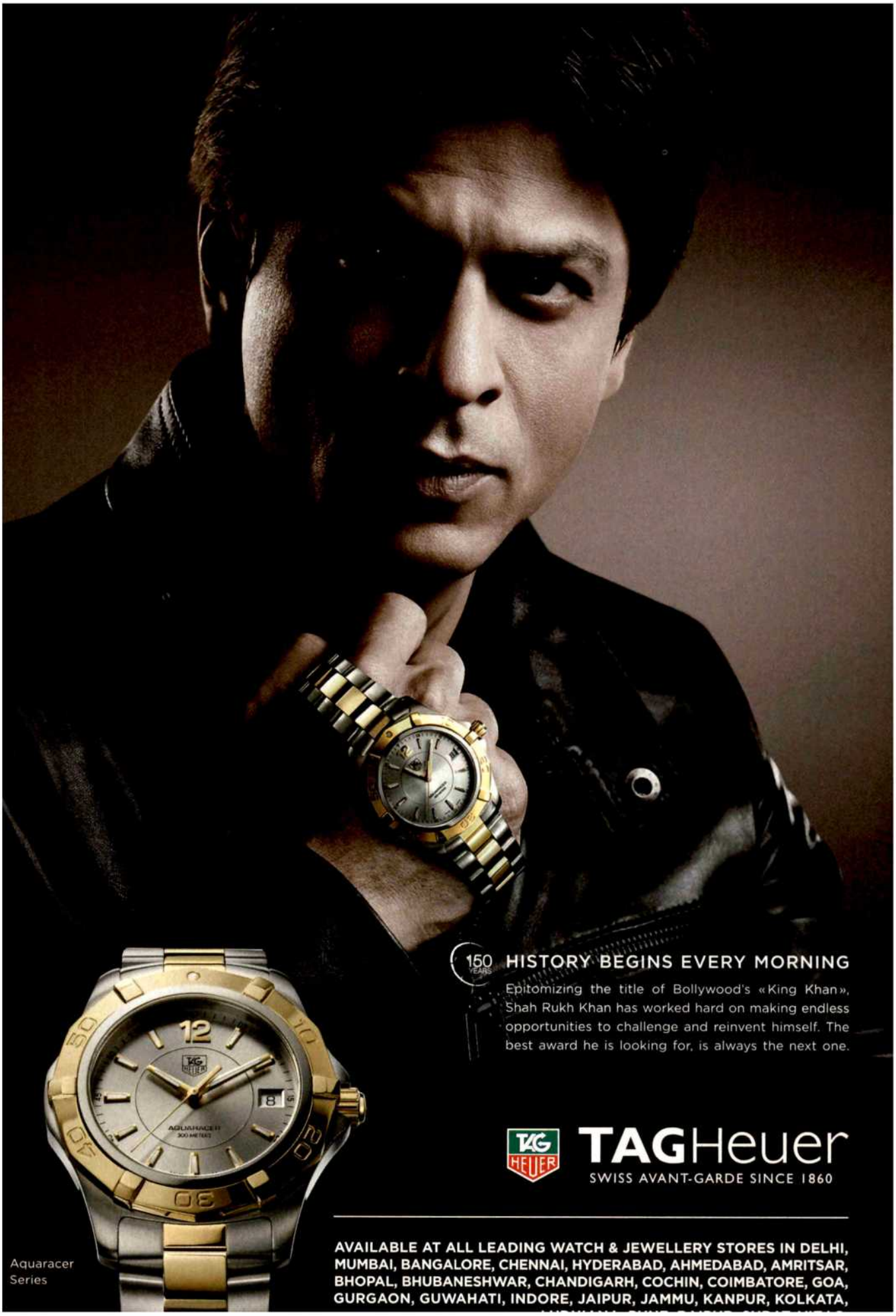
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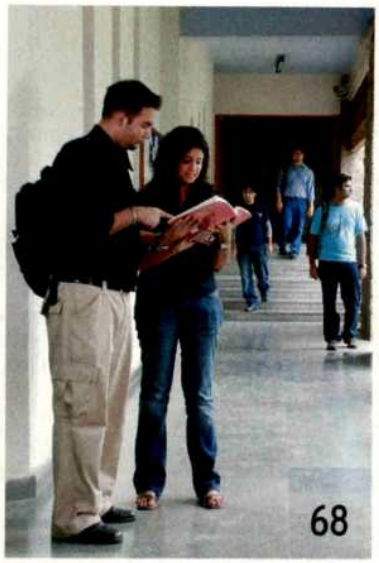

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Brats at Work

Twentysomethings are changing the way corporate India functions and re-writing the rules of the workplace even as companies are being forced to make their own choices in managing young employees.

More at: businesstoday.in/coverstory

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Don't Look, We're Changing

In spite of losing half a dozen of its top executives in a little over a year, ICICI Bank is witnessing a generational change in leadership and the emergence of new leaders. It now has a new-look, top deck, who have the challenge of returning the bank to its glory days of 30-35 per cent growth rate.

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T.V. Mahalingam on why it's good to speak good English and why we can laugh at the Chinese.

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Suman Layak on why Noel Tata is being moved around within the Tata Group.

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Anusha Subramanian on how regional TV channels are setting up the menu for Hindi GECs.

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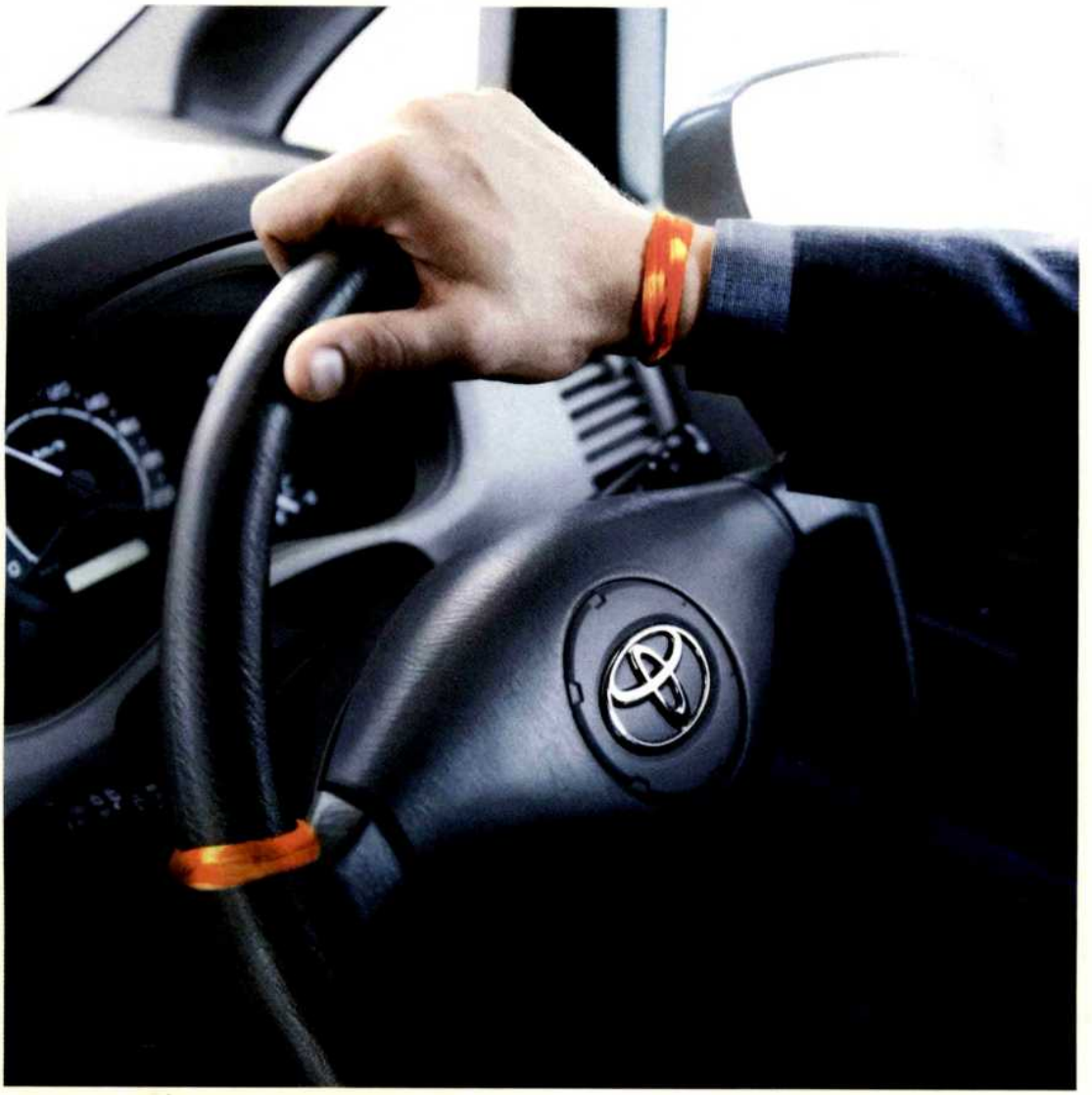

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The More the Merrier

More private banks will go a long way in promoting inclusive growth, argues Sunil Godhwani.

ILLUSTRATIONS BY KAPIL

The fundamentals of the Indian economy and its growth story remain unchanged, and one can expect the economy to strengthen and mature significantly over the next decade. This growth will be underpinned by the banking and financial services sector. The financial crisis of 2008 demonstrated the resilience of the Indian banking sector and also showed how robust domestic savings can protect the economy against turmoil in global markets. Extending the reach of the banking sector to underserved markets deepens the savings pool, while also providing essential banking services to more people.

The recent discussion paper on new banking licences for domestic private sector banks, published by the Reserve Bank of India (RBI), is a significant and progressive step in creating an ecosystem that will increase the penetration of financial services and foster more inclusive growth.

Let me explain. Financial inclusion has been a key policy thrust for the government, and the RBI discussion paper takes it forward by placing a clear emphasis on it. It also outlines the need for new business models to reach the unbanked, supported by higher levels of capital and even encourages unconventional routes of entry such as through Regional Rural Banks (RRBs).

As on March 31, 2009, the Indian banking system had 27 public sector

banks, seven new private sector banks, 15 old private sector banks, 31 foreign banks, 86 RRBs and over 1,500 urban cooperative banks. And out of 600,000 habitations in the country, only 30,000 had a commercial bank branch; just 40 per cent of the population had bank accounts. In contrast, in countries such as Belgium, Sweden, France, the United Kingdom and Germany, over 90 per cent of the adult population have bank accounts. In India, 13 per cent of the people had debit cards and only two per cent had credit cards. The picture is worse in other financial products: for example, the proportion of people having non-life insurance was an abysmal 0.6 per cent.

Commercial banks and RRBs have recorded a growth in credit of 18.5 per cent and 16 per cent, respectively, between 2005 and 2009. However, the growth in the number of accounts lagged behind at 5.8 per cent and 5.5 per cent, respectively. The average size of loans is high and has been rising and seems urban-focused. In India, one bank branch caters to 16,129 individuals. In the Netherlands, a bank branch caters to 4,807 individuals. In the UK, it is 4,484, in Belgium the number is 2,315, in Germany 1,945, and in France it is just 1,587.

Further, the banking infrastructure in rural India seems challenged, with just about 10 per cent of villages housing a bank branch, and a population per branch of about 26,000, compared to 7,000 in urban India.

The urban-rural divide remains rather stark. In a recent report by Diamond Consulting, urban India seems to be overbanked with more than 100 per cent penetration (many urban Indians have more than one bank account), while rural India lags behind with only 21 per cent penetration. Further, rural India lags behind in both credit and deposit penetration (credit penetration in rural India was four per cent vis-à-vis urban India at 22 per cent. Deposit penetration in rural India was 21 per cent vis-à-vis urban India at 123 per cent).

Financial services and banking can draw inspiration and learn important lessons from other sectors. For example, rural India accounts for astounding shares of the total sales of companies such as Samsung (33 per cent), LG (40 per cent), Nokia (30 per cent), Hindustan Unilever (50 per cent) and Procter & Gamble (40 per cent).

Some microfinance institutions are creating financial access for a section of people traditionally ignored by the formal financial sector, and have demonstrated that these low-income categories are increasingly a 'bankable' proposition. Further, rising rural affluence is estimated to add over 150 million to the middle class by 2025, creating a new market for banking services.

So, while challenges will remain, there is a significant opportunity in the making. To meet India's strategic imperative of financial inclusion, serious long-term players committed to the banking industry will need to be engaged. The next generation of banks will need to employ innovative business models, create new paradigms of operations and risk management, deploy robust and scalable technology and engage in strategic partnerships to serve the unbanked. Experience in financial services, significant capital commitment and strong management talent will be important enablers for driving inclusive growth.

The next few years will be critical in transforming financial inclusion from a policy agenda into a reality — it is time we seize this opportunity.

The author is the Chairman & MD of Religare Enterprises

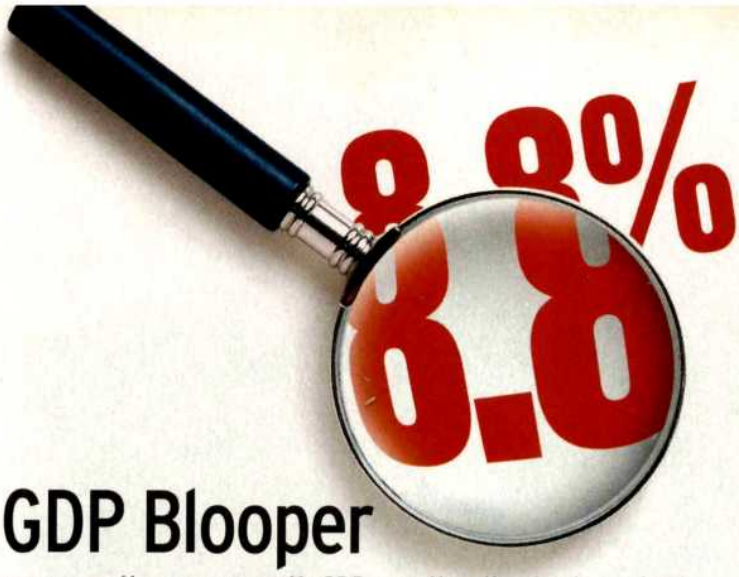
WORDSMITH
(NEW WORDS IN BUSINESS)

Slayoff

Sla-of

What it means: A particularly cruel or impersonal way of sacking an employee, including leaving a note or sending a mass mailer or blocking access to office premises.

Origin: The word is a combination of the words slay



The GDP Blooper

The controversy over the government's GDP growth estimates has raised many questions about the reliability of India's macroeconomic data.

- CSO pegs GDP at factor cost at 8.8% for the April-June quarter
- Astonishingly, the GDP at market price trails way behind at 3.65 per cent
- CSO forced to revise estimates for GDP at market price to just over 10 per cent
- Chief Statistician admits to *BT* it's a "big embarrassment"

What happened: The GDP growth figure of 8.8 per cent for the April to June quarter released by the government showed a big divergence between the demand side (GDP at market prices) and supply side (GDP at factor cost), which is unusual. Against the actual growth of 10.02 per cent, the Central Statistical Organisation, or CSO, put the growth at 3.65 per cent. But it revised the figures within a day. "It's a big embarrassment for us. It's a wake-up call to avoid future recurrences," admits T.C.A. Anant, Chief Statistician of India.

Why it happened: The quarterly GDP growth estimates are derived by converting output in prices to measurable quantities by using different price deflators (or inflation indices such as WPI and CPI). This gives an accurate indication that the higher output is necessarily due to higher production and not because of price fluctuations in the economy. Says Anant: "The wrong usage of deflators resulted in the sharp drop in the estimates for GDP at market prices."

Usually, before releasing the figures, the National Accounts Division reconciles demand and supply data to find out if there are any major anomalies, but this procedure wasn't followed. "We get less than 15 days to compile everything and do error-checking. I am working on streamlining the process so that there will be enough time for cross-checking," says Anant

What are the implications: A large amount of data released by the CSO in the form of GDP, IIP, WPI and CPI are used by various bodies ranging from the Reserve Bank of India to the Planning Commission for key policy decisions. "There is a downside to putting out quarterly estimates in such short time. It comes with a risk of possible error," Anant says, but adds that the government's quick response this time demonstrates that the "basic systems" are in place. We'll keep our fingers crossed.

MANU KAUSHIK

and layoff. It became popular in 2008-09 when American companies were firing employees in large numbers.

Current usage: I don't know what's worse: a slayoff with a fat severance package or a teary-eyed boss with a pink slip, minus a cheque.

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In Whose Interest?

SEBI's ban on the entry load has forced distributors to abandon mutual funds, triggering an exodus of investors from equity schemes. BY SURESH SADAGOPAN

WHAT THE BAN HAS DONE

- Investors are not willing to pay separate advisory fees
- Distributors are no longer interested in promoting MFs and have shifted to selling the more lucrative debt products and insurance
- While the sale of MF products has fallen, investors are sold products often unsuitable to them
- The MF industry's profit margins are shrinking. The equity AUM fell between August 2009 and July 2010

SEBI has introduced several regulations recently to protect the interests of mutual fund (MF) investors. These include disallowing amortisation of marketing expenses for new fund offers (NFO), removal of entry loads for direct investment and, subsequently, complete abolition of entry loads. In the latest move, the markets regulator has asked MFs not to dip into exit/entry load accounts to pay the distributors upfront. As a result, the profit margins of the MF industry are shrinking and distributors have moved to areas like debt products. Investors find themselves in a vacuum with no one to service them. Even today, 90 per cent of funds are bought through distributors.

The Fallacy

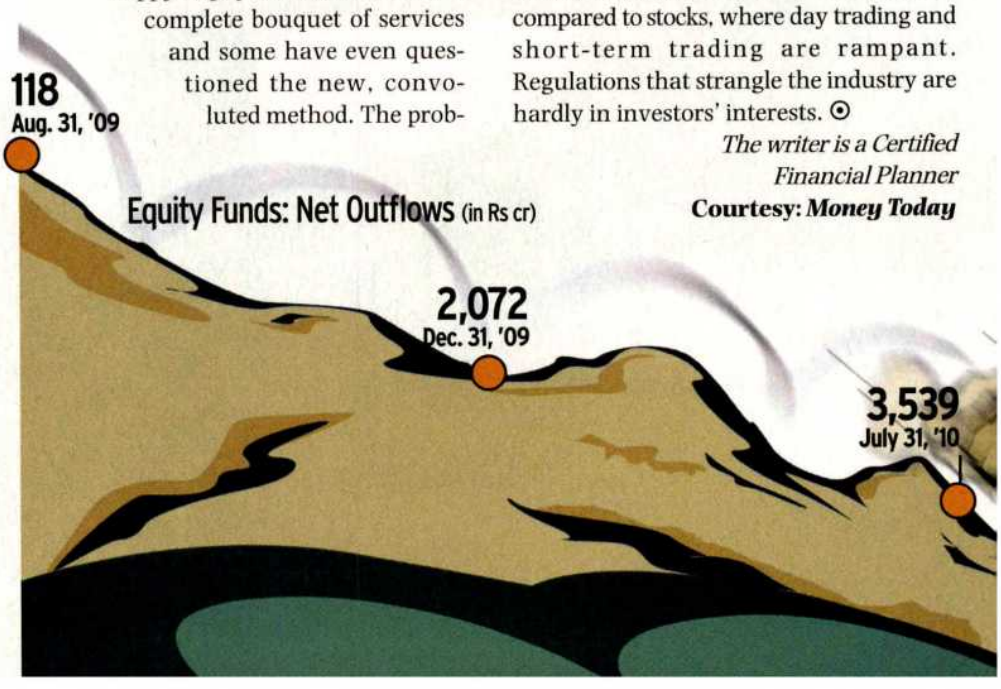
The justification for the entry load removal was that distributors were pocketing the charges and not advising clients. Distributors received two per cent of the sum invested as transactional fee, which covered incidental expenses, and if they offered advice, the charges were higher. Sadly, the distribution charge was seen as advisory fee. Most investors would be happy to pay the distributor for a complete bouquet of services and some have even questioned the new, convoluted method. The problem is that though investors understand it is the same charge, it hurts to write another cheque. This is where the distributors have been hit. It becomes a fertile ground for haggling on fees — some investors don't want to pay and threaten to go direct, while others want to pay a fraction of the charge. Investors are not mature enough to write a cheque and distributors aren't mature enough to charge for their services. So, many distributors have given up. Why would they want to promote funds when debt products give them one per cent in commissions? SEBI should have formulated a training programme for distributors instead of foisting the no-entry load regime without giving them time to adjust.

The Facts

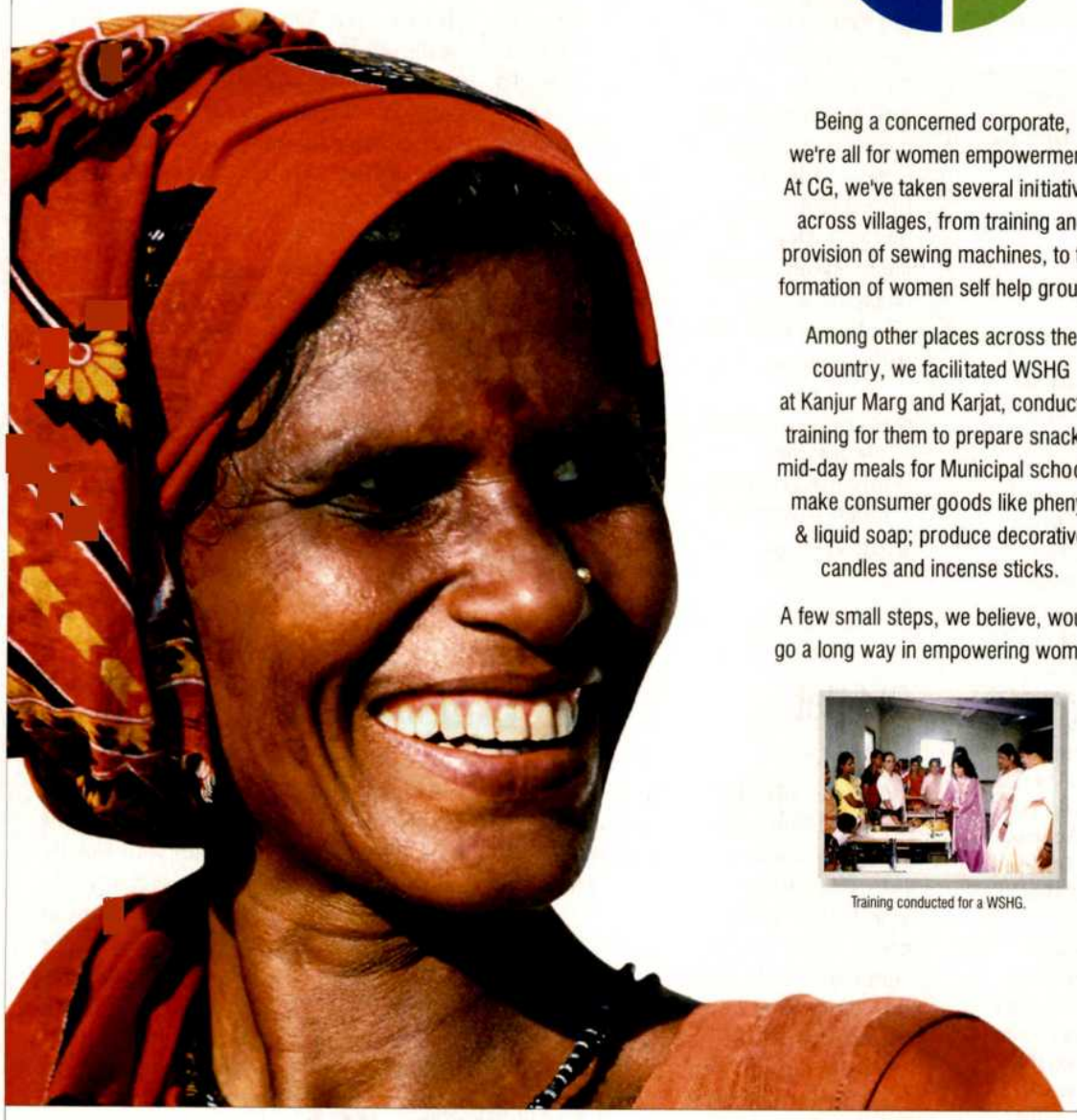
With no distributors to promote their products, only the top 10 MFs are estimated to remain profitable. The equity assets under management (AUM) fell between August 2009 and July 2010. MFs are a low-risk route for lay investors to participate in the India growth story but direct investment is riskier and not for everyone. Also, the money stays invested for a longer period compared to stocks, where day trading and short-term trading are rampant. Regulations that strangle the industry are hardly in investors' interests. ⊙

The writer is a Certified Financial Planner

Courtesy: *Money Today*



Empowerment is



Being a concerned corporate, we're all for women empowerment. At CG, we've taken several initiatives across villages, from training and provision of sewing machines, to the formation of women self help groups.

Among other places across the country, we facilitated WSHG at Kanjur Marg and Karjat, conducted training for them to prepare snacks, mid-day meals for Municipal schools, make consumer goods like phenyl & liquid soap; produce decorative candles and incense sticks.

A few small steps, we believe, would go a long way in empowering women.

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Web Site

A web site with a refreshingly honest take on life in Mumbai

http://mumbaiboss.com

Ever since we started reviewing web sites occasionally, we have been inundated with requests for review of sites that want to sell insurance. Honestly, finding a half-decent web site while not being solicited for one service or another is a tough task. Thanks to a random Twitter posting, we chanced upon this web site, not abused by search engine optimisers. Anyone who stays in Mumbai, or likes the port city, should like this web site with its refreshingly honest reviews of everything that is happening in the western metropolis. We particularly liked the restaurant reviews untainted by free food and drink. And despite some articles not quite agreeing with your opinion (isn't that the point?) they are all readable. We suggest you take a look.

-KM

An innovative phone, a fascinating web site and Apple's latest piece of software

Motorola Reborn

Motorola Backflip

Motorola is reborn, thanks to Google, or, to be precise, Google's Android operating system for mobile devices. And this shows through in the design of some of its latest products such as the Motorola Backflip with its rearward hinge. The Qwerty keyboard hinges forward on this device, making typing fairly easy. The cool aspect of the hinged keyboard is the fact that the device has a 'desktop' where the screen rotates to landscape orientation and this is an engaging way of watching content. But the truly innovative technology on the Backflip is its 'Backtrack', a laptop style touchpad placed behind the screen, accessible only when the phone is open. You can manipulate objects on the screen with sweeping motions, zoom in and zoom out as well as select items. The downside about the phone: it runs an older build of Android, which, despite assurances of an upgrade, is a critical failing.

KUSHAN MITRA

- Innovative design, Backtrack trackpad, solid build quality
- Old version of Android, poor daylight screen visibility

Price: Rs 22,990

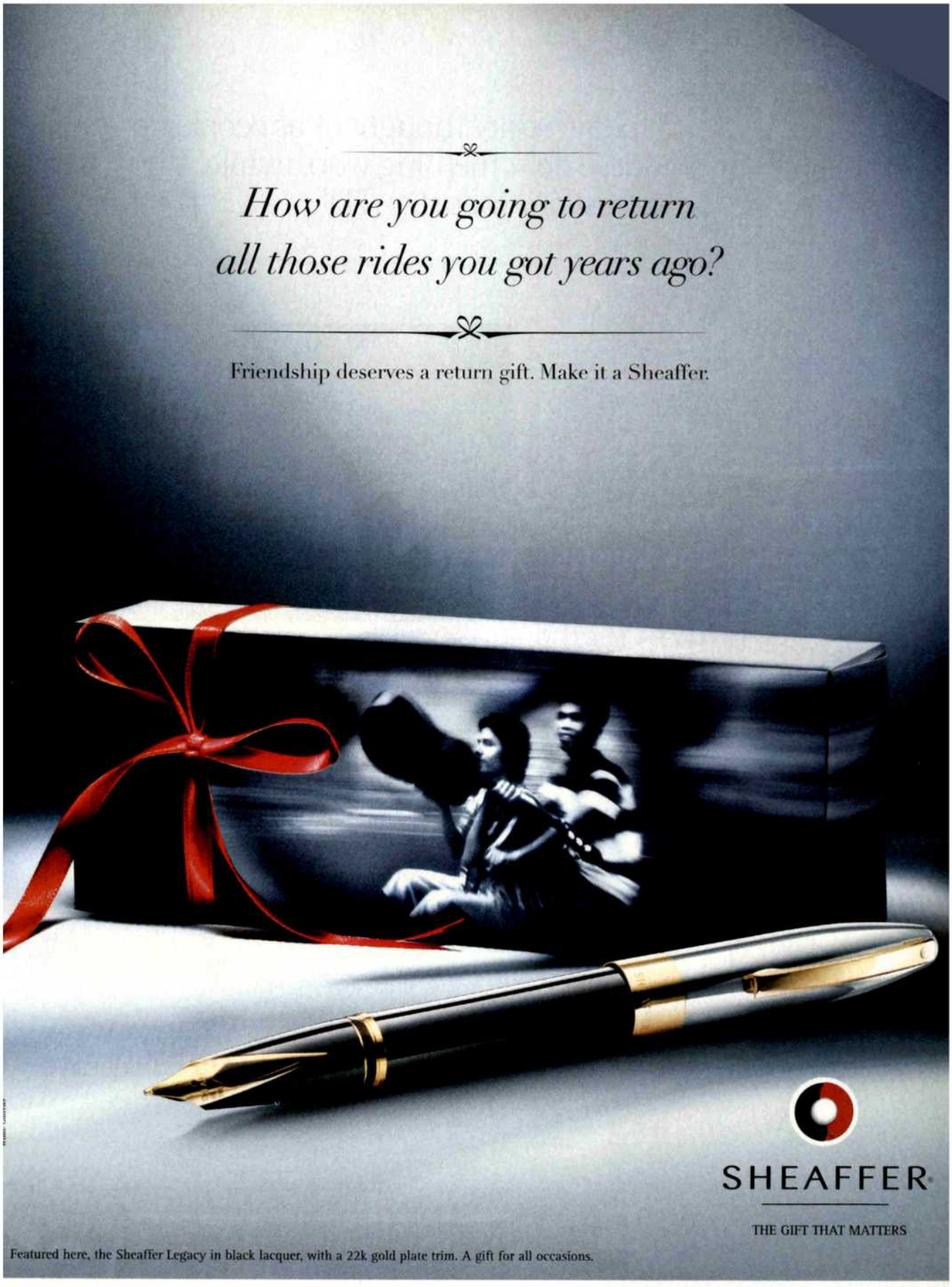
Old Hat

Software: iTunes 10

Along with the line-up of shiny new iPods, including a rather snazzy iPod Nano (with a multi-touch display), Steve Jobs has introduced iTunes 10 to the world. The software for many years has been considered the Achilles' heel of the iPod ownership experience. But being in India, you can't buy songs on the iTunes music store, nor avail of the new TV show rental feature. When it comes down to iPod management, the new version of iTunes feels pretty much like the old iTunes 9, with the added change being iTunes Ping. It's Apple's attempt to build in a new social network into the music software called Ping. While you have to register for Ping, it does allow you to share your music experiences with your friends and because using iTunes is pretty much a part of the iPod ownership experience, there could be a lot of users for this feature. We were not so enthused though, due to what is probably social network oversaturation.

The new iTunes looks and feels better than before. And if you own an iPod, you will need to use it, but Steve Jobs should have probably stopped at the announcement of the new iPod.

-KM



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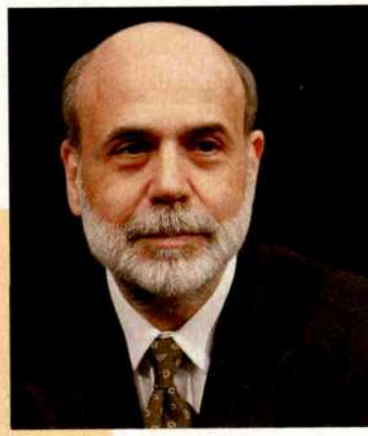
"Today we are thought of as people who can indeed do something worthwhile... thanks to at least one industry (IT)"

N.R. Narayana Murthy
Chief Mentor, Infosys, on the IT industry earning a name for India in the world, in The Financial Express

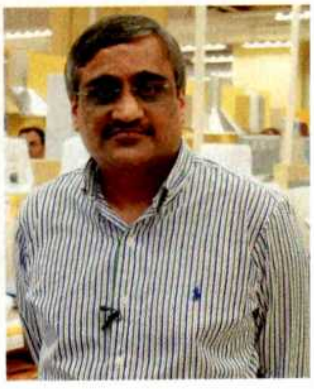


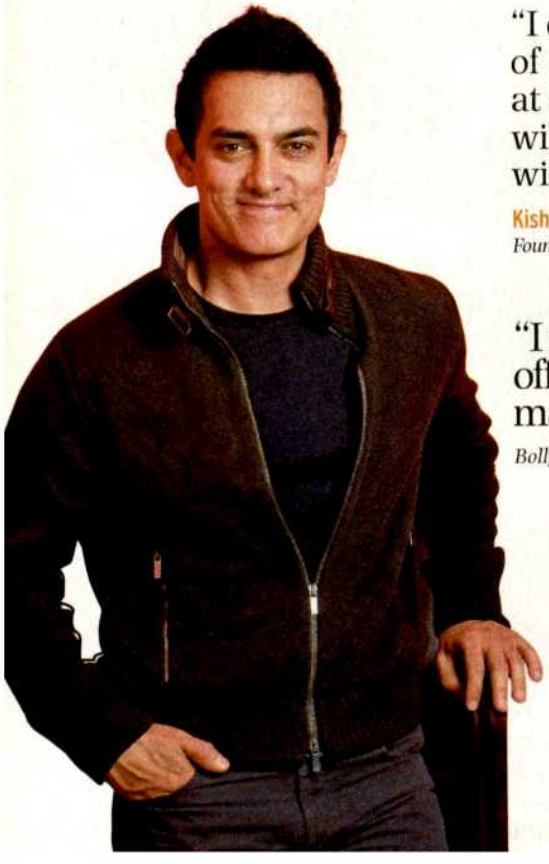
"The painfully slow recovery in the jobs market is a central policy concern"

Ben Bernanke
Chairman, Federal Reserve Board, to wire agencies

"There is a need to draw labour reforms out of the closet. Workers will do well if we relook at the law"

Kaushik Basu
Economic Adviser to Finance Minister, to wire agencies





"I don't believe in the hypocrisy of asking family members to join at a junior level. But the CEOs will run the business; family will manage relationships"

Kishore Biyani
Founder & CEO, Future Group, in Business Standard

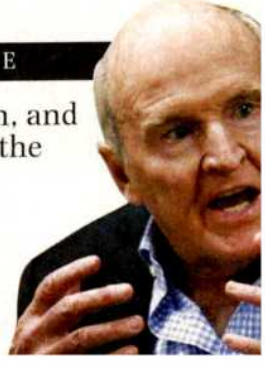
"I move towards material that's new to me. If you offer me Rs 1,000 crore to do a film and it doesn't make sense to me creatively, I won't do it"

Bollywood star **Aamir Khan**, *in* The Economic Times

CLASSIC BUSINESS QUOTE

"An organisation's ability to learn, and translate it into action rapidly, is the ultimate competitive advantage"

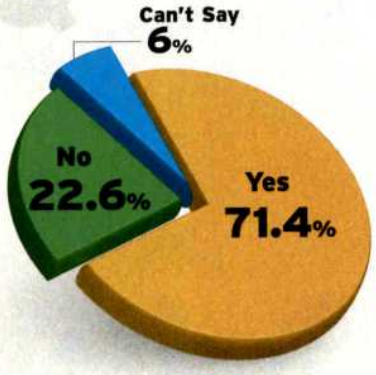
Jack Welch, *Former CEO of GE*



APOLLO ZONES - **Ahmedabad**: Maniar Tyre World - 9825006768. **Bangalore:** Super Tyre World - 9844977707. **Bhopal:** Arihant Wheels 9425004745. **Chennai:** Lal Tyres Pvt Ltd - 9841025028, V. S Enterprises - 9940617460. **Cochin:** Global Tyres: 9447485664. **Delhi:** Speed Tyres 9811786187, Tyre Mart-9560661717. **Noida:** Ashok Motors - 9868259555. **Patiala:** National Tyres - 9814040313. **Rohtak:** Tyre Ghar - 9896212892. **Thane:** Satyam Tyres - 9967056647. **Trivandrum:** Popular Tyres - 9447053838. **Vashi:** Baba Sai Tyre House - 9322296261.

Capital/apollo/226

Is the H-1B visa fee hike a discriminatory and protectionist move by the United States?



Results of BT Online poll;
No. of respondents: 184

The majority concurs that the H-1B visa fee hike is a protectionist move by the United States. And certainly, these fears seem well founded. The US has called the visa fee hike a measure to fund heightened patrolling on the US-Mexico border. But it is estimated that the fee hike will have an additional cost implication of over $200 million (Rs 920 crore) for Indian IT companies annually, which will, no doubt, have an adverse impact on their competitiveness.

True, US companies, too, come under its purview. But as they do not use these visas in large numbers, they may escape the provisions of the new guidelines. They are less likely to cross the threshold of 50 per cent of employees being on H-1B visas.

Next poll question:

Can the global economy slip into a double-dip recession?

www.businesstoday.in to cast your vote

BT-ERNST & YOUNG

Deal Watch

BIGGEST DEALS IN THE PAST 30 DAYS*

Mukesh Ambani: Expanding RIL's gas exploration footprint

Reliance Industries Ltd (RIL) continues its ambitious foray into shale gas exploration. RIL subsidiary Reliance Marcellus II LLC has now inked a joint venture with US-based Carrizo Oil & Gas. It will acquire a 60 per cent stake in the Marcellus Shale Acreage in central and north-east Pennsylvania for Rs 1,805 crore ($392 million). This is the third shale gas acquisition by RIL in the US since April 2010.

This deal will give RIL access to approximately 62,600 acres of undeveloped leasehold in the core area of Marcellus Shale, with an expected resource potential of two trillion cubic feet equivalent. RIL is also likely to acquire advanced technological capabilities for operating these assets and leverage these skills to capitalise on the potential of shale gas exploration in India.

TARGET	ACQUIRER	INDUSTRY	TYPE	DEAL VALUE (Rs crore)	STAKE (%)
Marcellus Shale Natural Gas Acreage	Reliance Industries	Oil & Gas	Acquisition	1,805	60
Viom Networks	Macquarie SBI Infrastructure Fund	Telecom	Private Equity	1,400	11
Moser Baer Projects	Blackstone Group	Infrastructure	Private Equity	1,350	NA
Religare Enterprises	RHC Finance	Financial Services	Private Equity	1,277	20
Lodha Developers	HDFC Venture Funds	Real Estate, Hospitality and Construction	Private Equity	500	10
Nandi Infrastructure Corridor Enterprise	JP Morgan Private Equity Fund	Infrastructure	Private Equity	500	10
Sadbhav Infrastructure Projects	Norwest Venture Partners, The Xander Group	Infrastructure	Private Equity	400	NA
Telecom Seychelles	Bharti Airtel	Telecom	Acquisition	290	100

Ernst & Young is a leading M&A advisor in India. The data is based on media reports and company announcements. Any decision on the basis of this information should be taken only after professional advice. *Business Today* or E&Y do not undertake any responsibility with regard to any such decision. * As on August 30, 2010. Not a complete list.

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DD's Moment of Reckoning

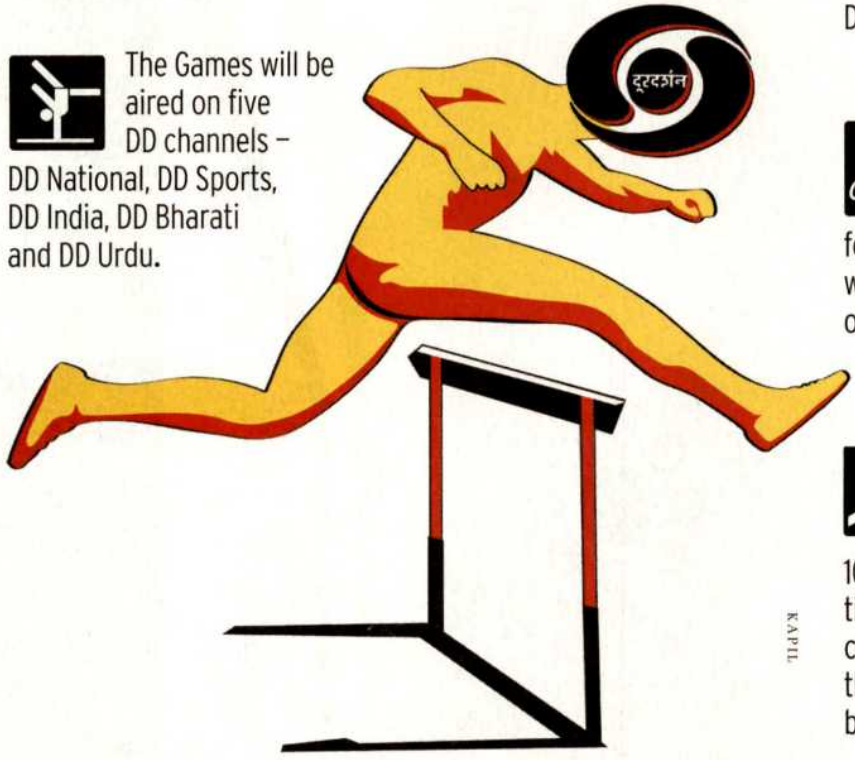
The Commonwealth Games is a golden opportunity for public broadcaster Doordarshan (DD) to move on to centrestage once again. "We'll spend close to Rs 300 crore in production, coverage and telecast," says Aruna Sharma, Director-General, DD. The initial response to DD's efforts doesn't seem too encouraging with most big-ticket advertisers staying away. Here's a closer look at the final countdown to the Games.

DD aims to earn more than Rs 300 crore from ad sale revenues in the 12 days of the Commonwealth Games telecast.

It has created a mascot to generate audience interest in the Games.

DD also expects substantial revenues from the private broadcasters who will want to distribute their channels through DD Direct Plus – the DTH arm of the broadcaster.

The Games will be aired on five DD channels – DD National, DD Sports, DD India, DD Bharati and DD Urdu.



KAPIL

DD will beam the Games in high-definition digital format for the first time, which will be made available on DD Direct Plus.

DD has rolled out a series of Games shows, offering 100,000 seconds of advertising time. It hopes to garner Rs 200 crore in ad revenues through these programmes, which will be on air till the Games ends.

ANUSHA SUBRAMANIAN

NUMBERS OF NOTE

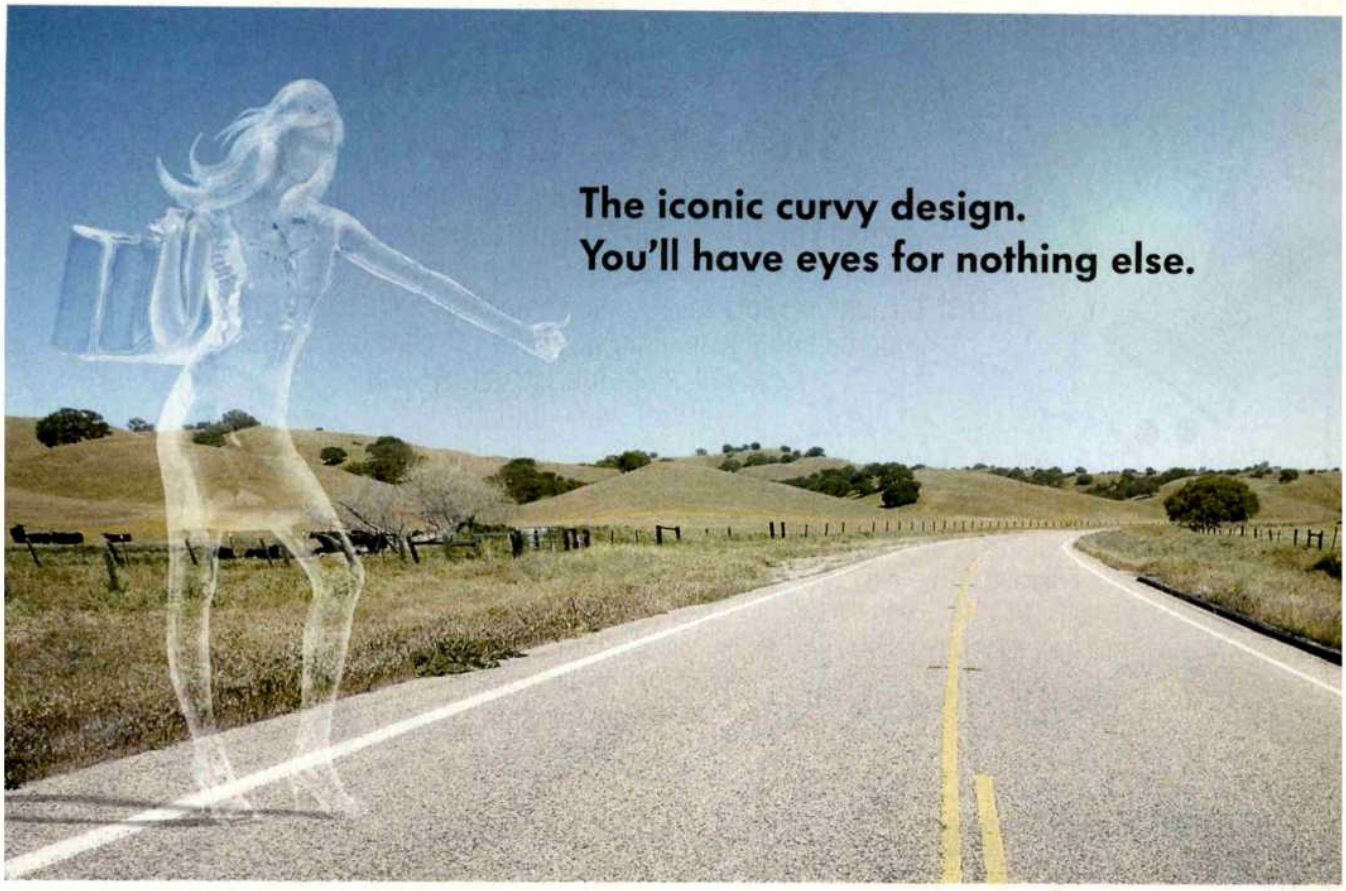
2nd
The ranking of NSE in Asia-Pacific, according to a survey of bourses by Celent based on trading volumes

15 million
The number of unemployed people in the United States at the end of August

1.5 trillion cubic feet
The recoverable reserves of natural gas discovered in Gujarat by Australia's Oilex Limited

Rs 12,000 cr
The tax liability of British telecom giant Vodafone following its acquisition of a majority stake in Hutchison Essar in 2007

Rs 24,000 cr
The likely proceeds from the proposed disinvestment of 10 per cent in IOC and five per cent in ONGC by the government



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SILVER LINING IN THE CLOUD

Cloud computing is likely to account for about half of global IT spending by 2013. In India, though, low awareness levels have hampered its adoption. But a survey of CIOs by Ernst & Young reveals that Indian companies have plans to adopt cloud technology in a big way over the next few years. Most will adopt Infrastructure as a Service (IaaS) initially.

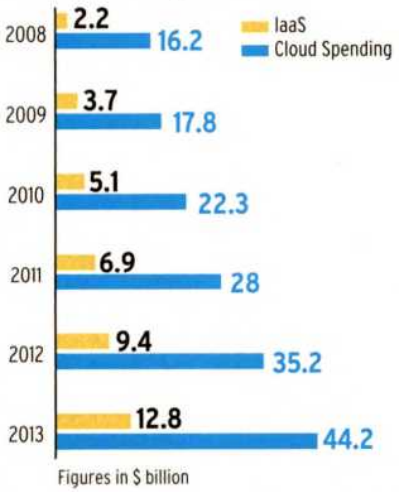
Software as a Service (SaaS): Software is offered as an on-demand service, reducing the need for the customer to install, upgrade and maintain applications

Platform as a Service (PaaS): It integrates the operating system (OS), middleware and application software

Infrastructure as a Service (IaaS): Processing, storage and bandwidth are offered on demand with metered billing

THE GLOBAL CLOUD MARKET

Cloud spending could double in three years

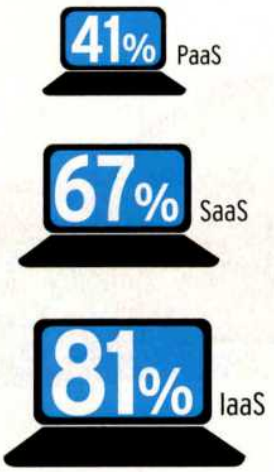


Figures in $ billion

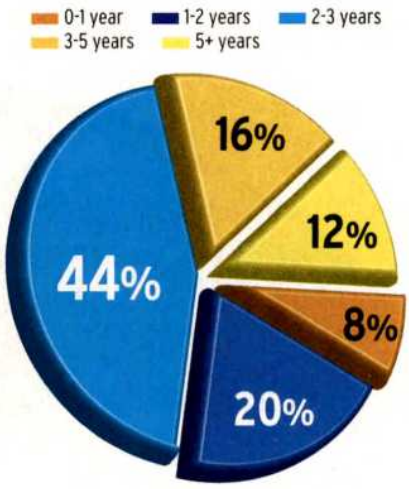
CLOUD ADOPTION IN INDIA

The market is still in its infancy but there's a growing awareness of cloud technology among companies

1) Familiarity with cloud-computing concepts



2) Plans to adopt IaaS



5 STEPS TO HERE

THE BATTLE FOR EIH

1

2001

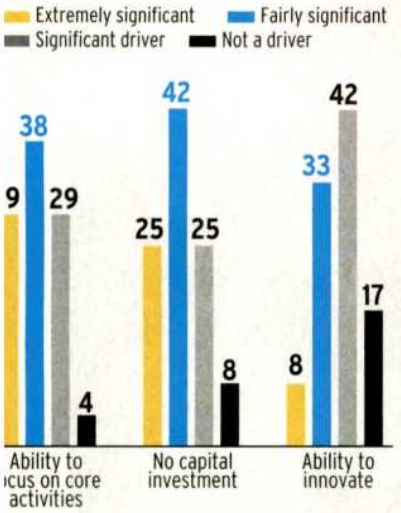
Tobacco-to-hotels major ITC starts buying into hotel chain EIH in March 2001, taking its stake over the next eight years to 10 per cent

2

March 2009

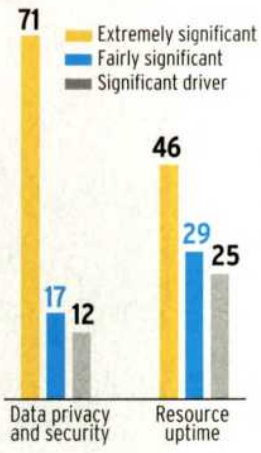
ITC hikes its stake to 14.98 per cent, which is just short of the trigger for the 20 per cent open offer under SEBI's takeover code

3) Business Benefits



Figures in %

4) Perceived Technical Challenges



Figures in %

5) The drivers for IaaS adoption in India

- Makes advanced technologies affordable for small businesses
- Creates a new line of value-added services for service providers
- Helps Internet service providers increase bandwidth usage
- Brings down overhead costs for companies

KULDEEP

BT Retro

BT, August 12, 2007

Southward Ho

THEN: Marketers have known for sometime now the southern market's penchant for mosquito repellents, coffee, detergents and talcum powder. They also know that Keralites prefer tea; people in Andhra Pradesh respond to the word "mega"; and Tamil Nadu likes its cuppa Horlicks. Now, some bright ones are decoupling the terms "conservative" and "southern consumer" that had always been a part of the Indian marketing lexicon. IMRB's household purchase panel Marketpulse (June '06-May '07), shows the four southern states — Andhra Pradesh, Karnataka, Tamil Nadu and Kerala — are leading in 15 out of 38 product categories of fast-moving consumer goods (FMCG). And in 19 categories, the South has registered a higher growth than other zones. Marketpulse is the largest purchase panel (comprising 70,000 urban and rural households) running in India for over 25 years, and tracks over 50 product categories.

The figures speak for themselves. The South has recorded the highest growth rates in all income classes, except the super rich (incomes over Rs 1 crore). Little wonder then, that the South is emerging as the market to crack for every marketing head worth the multiple zeroes in his pay packet.

NOW: Marketers are now reporting unexpected growth in the East – Bihar, Orissa and West Bengal, in particular – and pockets of the North.

3

June 2009

ITC Chairman Y.C. Deveshwar calls the EIH stake an investment and denies any plan of hostile bid, but doesn't rule out an open offer

4

January 2010

EIH promoters, the Oberoi family, scout for a white knight. Analjit Singh, Chairman, Max India, a minority shareholder, seen as a likely candidate

5

August 2010

RIL picks up a 14 per cent stake or Rs 1,021 crore and later hikes it to 14.8 per cent. Rules out any change in management. Analjit Singh to sell his 4 per cent stake and exit

MANU KAUSHIK

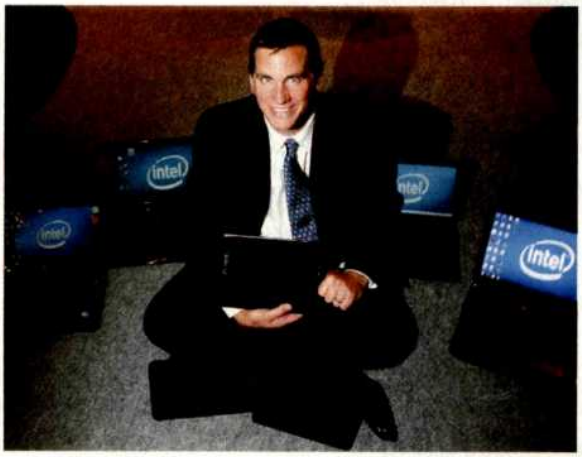
"OUR MESSAGE IS CONVEYED THROUGH MARKETING AND BRANDING"

TOM KILROY, *Senior Vice President and General Manager, Sales and Marketing, Intel Corporation, is a 20-year veteran at the world's largest maker of semiconductors. On a recent visit to India, he spoke to* Business Today's **KUSHAN MITRA** *on the fresh challenges for Intel as more customers switch to smaller devices where Intel has little presence.*

I have been coming to India for over 15 years and have seen the success of our marketing since those days. In the mid-'90s till 2000, everybody knew about 'Pentium', and while people never bought a Pentium chip there was a recognition of what a Pentium processor-based computer could offer you. A lot of our message is conveyed through marketing and branding. There was Pentium, then there was Centrino and now Core.

I think you have to look at our newly-designed 'Atom' processors carefully which has created a whole new market segment. It's also enabling a whole lot of new embedded devices from security systems, banking machines to digital kiosks on retail shop floors. And then there are smart phones and tablets where Atom fits in as well.

It's not wireless broadband alone but applications that will make the difference. You have to understand that most consumers are not just interested in getting connected to the Internet, they are interested in getting connected to each other. As broadband becomes more pervasive and more affordable, people will use it to connect to each other. And as this happens, you will see a huge explosion in the content and software industry.



MONEY SHARMA

VIVAN MEHRA

"We'll Bring More Creative Capability into India"

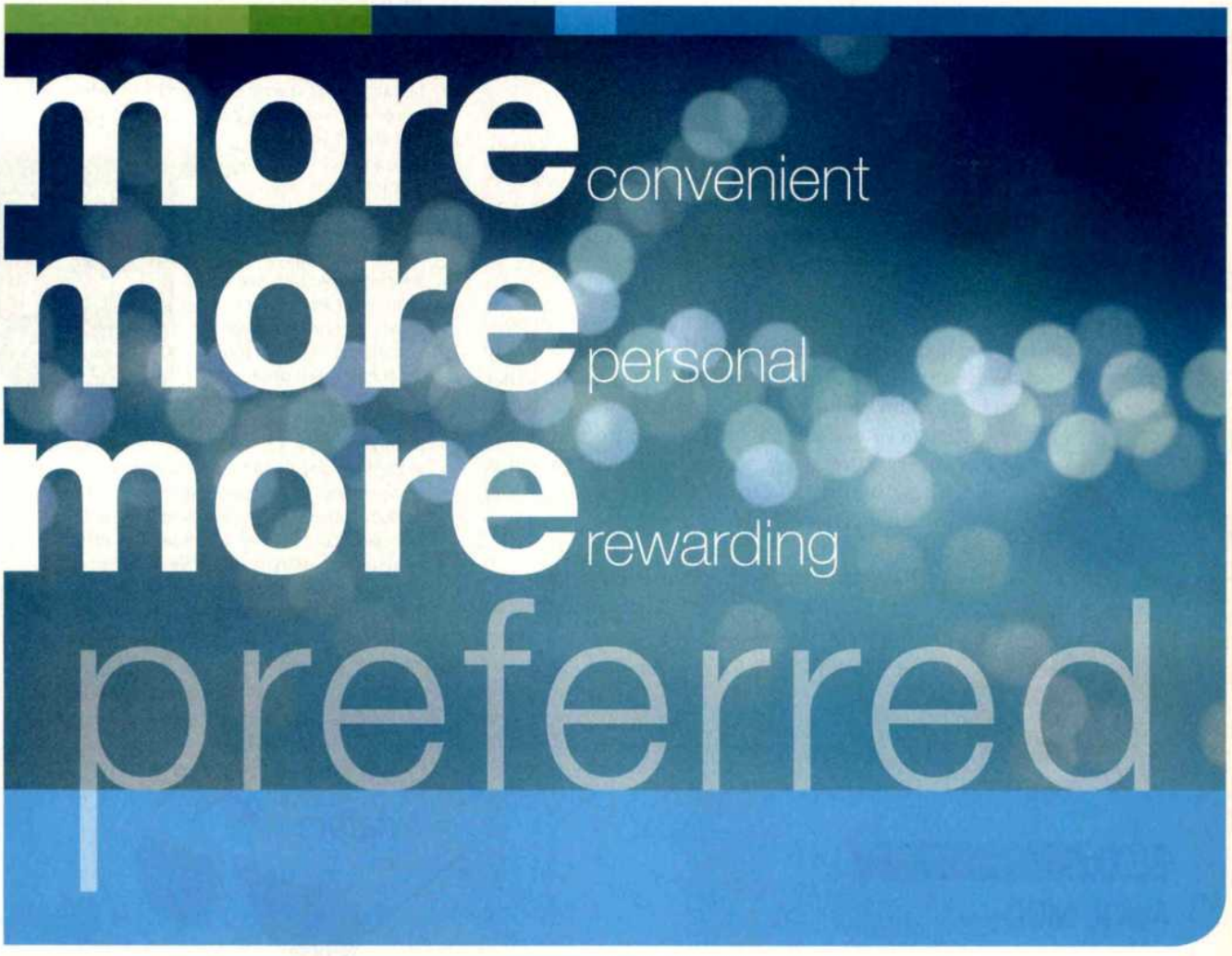
ALAN HERRICK, *Chief Executive Officer of Sapient, the world's largest interactive marketing firm, spoke to* **BT's KUSHAN MITRA** *about how online marketing is changing its India growth plans.*

The way technology is changing marketing is shocking. This is already a trillion-dollar industry amidst a massive change. In India we have people in the technical space and we also have a studio that is in creative production for digital marketing. What we want to do is to bring more and more creative capability into India.

We recently won an award at Cannes for a smile-activated ice-cream vending machine, where you walk up to the machine and smile. If your smile is big enough — it actually measures the amplitude of your smile — it vends you a free ice-cream bar and it simultaneously clicks a picture of your smile and uploads it to Facebook.

The whole convergence between the digital and physical world is just starting to happen. There has to be an integrated marketing and commerce process and the first part is to integrate the marketing process — web, mobile, kiosk and the second part is online commerce which is part of that experience.

Standard Chartered



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HOW THINGS WORK

All About Doping

With Indian swimmers and weightlifters racking up more positives on the drug test results even before the medal count has started at the Commonwealth Games, the question that everybody is asking is: How does doping work?

Hope a dope: Athletes take performance enhancing drugs for a variety of reasons. From building muscle strength, to increasing oxygen flow to the exercising tissues to stimulating the body or reducing weight or even just relaxing. The kind of drug an athlete takes depends on what he wants to achieve.

To each his own: For example, in 2003 cricketer Shane Warne tested positive for diuretics called hydrochlorthiazide and amiloride, which promote the excretion of fluids through the body, causing weight loss. On the other hand, last fortnight, Indian weightlifters and swimmers tested positive for methylhexaneamine, which is used as a nasal decongestant but causes increased heart rate and blood pressure. These, in turn, lead to brief bursts of energy and better performance.

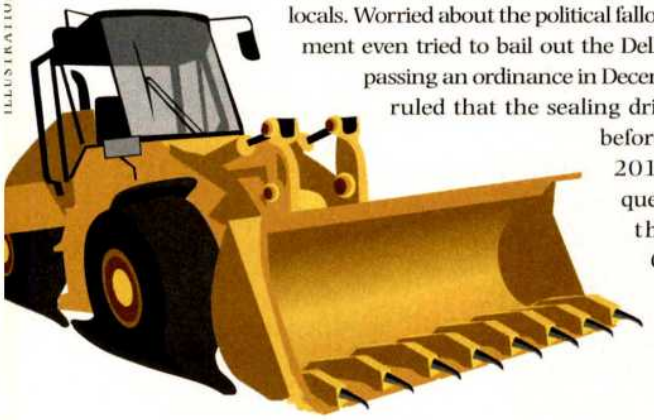
Hide and seek: Is it possible to mask drug use? Yes, to some extent. For example, diuretics can shield the presence of drugs in urine samples by diluting them.

COMPILED BY T.V. MAHALINGAM, KUSHAN MITRA, MANU KAUSHIK

JUST WONDERING

AWOL MCD

Whatever happened to the Municipal Corporation of Delhi's drive to seal illegal shops in the Capital's non-approved commercial zones? The demolition and sealing drive was started in February 2006 following a Delhi High Court directive, and continued till early 2007. But it was subsequently put into cold storage by the Delhi government after strong protests by locals. Worried about the political fallout, the UPA government even tried to bail out the Delhi government by passing an ordinance in December 2009, which ruled that the sealing drive won't resume before December 31, 2010. It was subsequently overruled by the Delhi High Court. But the MCD has not given any indications of stirring into action yet.



ILLUSTRATIONS BY ALANKAR

Quirky

For Russia with Love

Want to beat the recession? Have a puff and a shot of vodka and pop goes the recession. At least, that's Russian Finance Minister Alexei Kudrin's silver bullet to beat the recession. "Those who drink and smoke are doing more to help the state," were the man's exact words last fortnight, even as the country plans to raise excise duties on alcohol and cigarettes, which incidentally were the lowest in Europe. Kudrin's train of thought is something like this: more smokers, more drinkers, more excise, more money for Mother Russia, more development programmes. It sounds perfectly logical, except for one little detail. Alcohol-related illnesses kill an estimated 500,000 Russians a year. And why not? Russians consume an average of 18 litres of alcohol, mostly vodka, a year and 65 per cent of the population lights up. Wonder where Kudrin got his inspiration from when he shot off his mouth? A bottle of vodka, perhaps?

Snoot Corner

Aviators

The history of the 'Aviator' sunglasses is a bit obscure. Popular legend has it that flyers wore it during World War II. That is not true, but the glasses were similar to the glasses that Ray-Ban was providing US pilots of the day. The oblique teardrop-shaped glasses were made famous by US General Douglas MacArthur during the war when he landed in the Philippines wearing them.

Aviators had a renewed surge in popularity in the '80s, thanks to the blockbuster Hollywood movie *Top Gun*. Since then, it has been worn by almost every A-list celebrity in Hollywood and even in India. And the design itself, which is popular because its shape gives near-complete sunlight protection, is now made by hundreds of manufacturers and Ray-Ban still sells millions. You can find a basic Aviator for around Rs 5,000.

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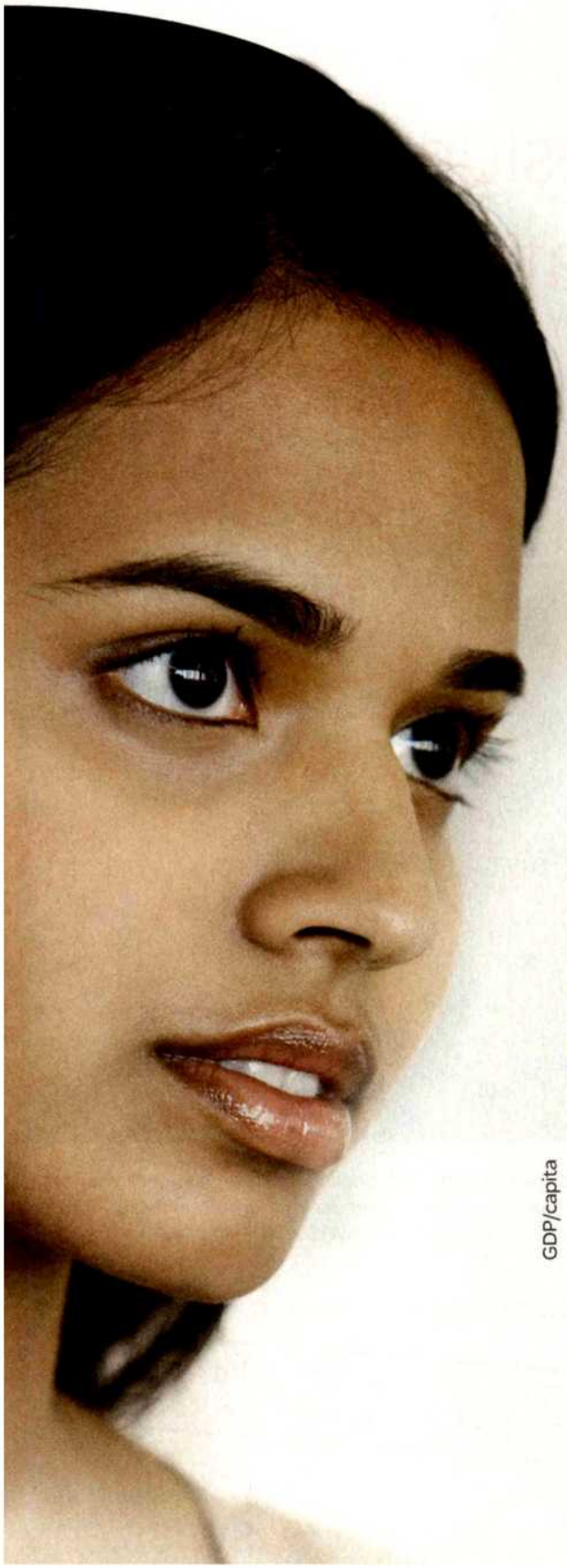


Give someone energy for a better tomorrow

While new communications technologies are making our world smaller and our personal lives richer, it is easy to forget that energy spurring progress is not available to billions of our planet's inhabitants. This population does not fixate on status updates, RSS feeds, or texting while driving, as there are few personal cars to drive, and rarely a network to text to. There is only a daily struggle to eat, develop their families, and improve their lives… without any meaningful access to energy and all of its benefits.

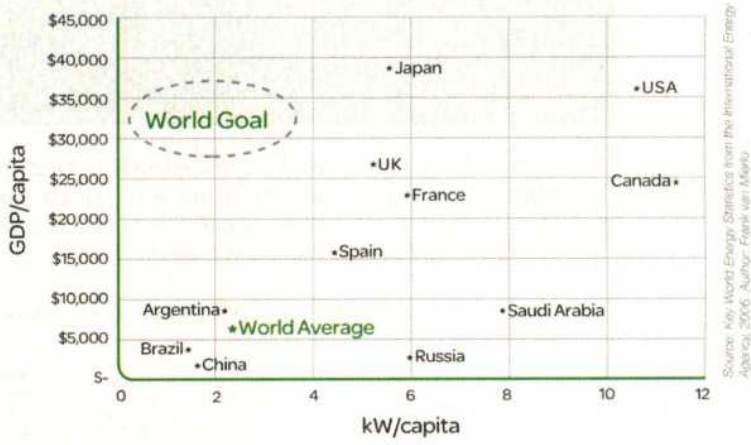
Meanwhile, dependence on carbon-based economic growth is driving the most climate pressure exactly on those benefiting least from new technologies. If the electric utility system is one of mankind's most significant engineering achievements to date, creating a new and sustainable energy model needs to be our next triumph, and it cannot come soon enough.

At Schneider Electric™, we believe these two issues are linked. Access to energy for all frees the intelligence and creativity necessary for developing a new energy paradigm. Through technological innovation, social policy, medical research, and more, each generation has left a legacy of improvement for its children—until now. Now we have one lifetime to dramatically change the way we create, distribute, and consume energy. Succeed, and our contributions will set a standard for millennia. Fail, and we will be the shame of our grandchildren's grandchildren.

So while we text, Tweet, and find friends like never before, let's not forget that the planet's energy system is a closed loop. When coal dug in South Africa drives energy consumption in China to make goods for Europe, resulting in particulate emissions over Los Angeles, we are clearly all connected in one energy system. Therefore, a new approach to energy is a new approach to our progress as a race Spend less today. Share more tomorrow.

Solving the energy challenge requires behaviour change and new technological approaches. And since a true solution requires more than the latest component, it's no wonder new intelligent energy companies are uniting systems, data management, and energy visibility in ways that were unimaginable a decade ago.

Per capita income and energy use around the world:



Source: Key World Energy Statistics from the International Energy Agency, 2006. Author: Frank van Mierlo

Can we grow economically while reducing our energy intensity? Japan uses significantly less energy per person than the United States, yet its economy is as strong. All of us – individuals, corporations, and countries – need to work together and learn from each other to make a difference today.

is a watt shared

Where can you start today?

EcoStruxure™, our new energy management architecture, delivers Active Energy Management™ from Power Plant to Plug™, across all the domains of an enterprise: data centre management, power management, security management, building management, and process and machine management—integrated and optimized for maximum efficiency.

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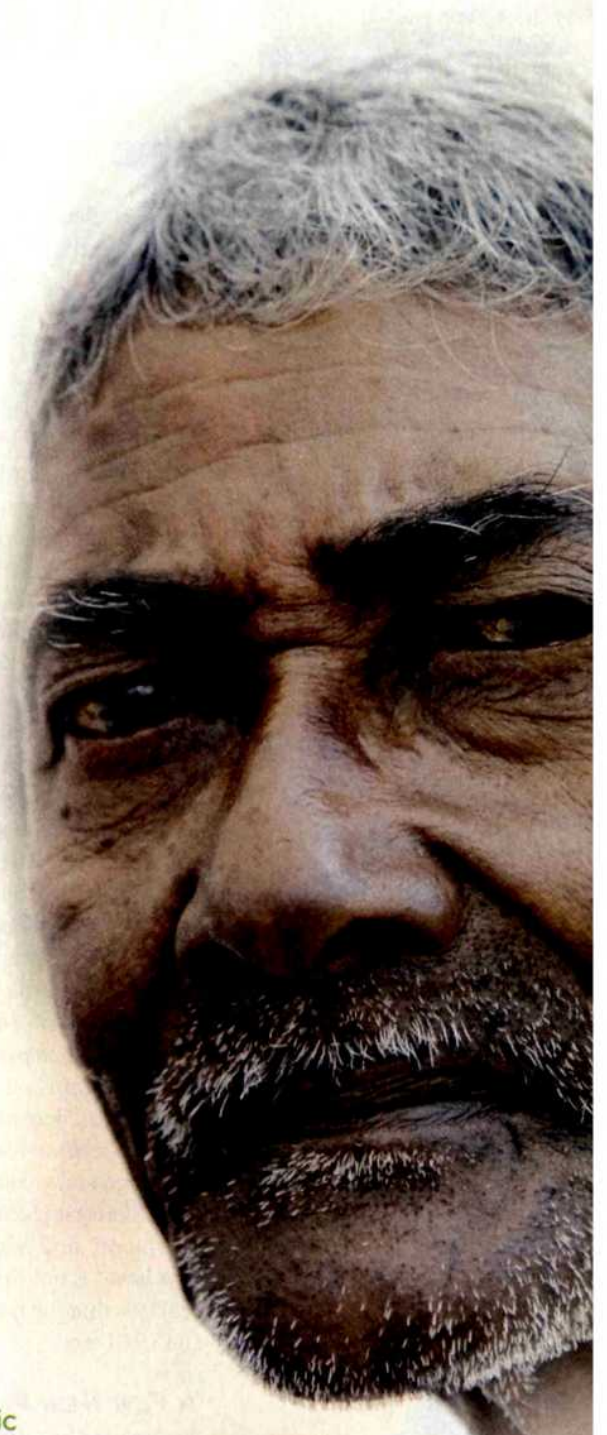
Industrial plants

Open standard protocols allow for system-wide management of automated processes with minimized downtime, increased throughput, and maximized energy efficiency.

Data centres

From the rack to the row to the room to the building, energy use and availability of these interconnected environments are closely monitored and adjusted in real time.



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ARVIND P. DATAR

An Exercise in Futility

There is no purpose in having a new code whose shelf life is going to be very limited. We are better off with the old Act, despite its frequently amended provisions

The Direct Taxes Code, 2010 (DTC) was introduced in the Lok Sabha two weeks ago. This Bill replaced the Direct Taxes Code Bill, 2009, which was intended to replace the existing Income Tax Act, 1961. The 2009 Bill shocked everyone except perhaps the team that drafted it. Several provisions in that Bill were against elementary principles of taxation. The 2010 replacement has removed some of the glaring discrepancies but one essential question remains unanswered: Why do we need a new DTC that substantially replicates the old Act?

The statement of objects and reasons as given by the Finance Minister on August 27, 2010 explains that the 1961 Act was amended no less than 34 times, resulting in "complexity in tax laws," and the inability on the part of the average tax payer to comprehend it. The new tax code has the object of revising, consolidating and simplifying the language and structure of the direct tax laws.

However, a simple comparison of the 2010 code and the 1961 Act shows that there will be no substantial structural change (see *Complex Then, More Complex Now*). A plain reading of the new DTC shows that it does not result in either revision, consolidation or simplification of the language and structure of the direct tax laws. Merely replacing "salary" with "employment" and adding expressions like "tax base" is not simplification. The hard reality is that the new DTC is as complex as the 1961 Act.

A Few New Provisions

The new Bill has attracted a lot of praise for lowering tax rates. But this can be done by any finance Act and we do not need to discard the old law just to reduce or streamline the rates of tax. Undoubtedly, there are a few new provisions in the 2010 code. But these provisions could have been easily inserted in the old Act without replacing it entirely with a new code. The corporate sector, the Income Tax Department, auditors and tax professionals will now have to spend enormous amounts of time in comparing and analysing the difference between the old Act and the new code. Then, there are bound to be heated arguments on the applicability of numerous case laws under the old Act. Adding to the confusion will be a spate of board circulars that will, of course, interpret every difference in favour of the revenue department.

The Income Tax Act, 1961 repealed the 1922 Act with the avowed object of placing the income tax law on a stable basis. The First Law Commission had spent several months in preparing the new draft. A parliamentary Select Committee examined the Bill with a fine tooth-comb, after which it was debated in Parliament for many days. This was in stark contrast to the present day Parliament, where several Bills are passed without any discussion whatsoever. All hopes of a stable and simplified law were soon shattered and, as the late lawyer Nani Palkhivala pointed out, the 1961 Act was amended "more often and more drastically during the first six years of its existence than the 1922 Act had been during the 40 years it had remained on the statute book". In the first 15 years, the 1961 Act suffered 560 insertions, 600 substitutions and 190 omissions. In the next 35 years, the Income Tax Act suffered more than 2,500 amendments by way of insertions, substitutions and omissions.

Execution is the Key

The two components of good tax administration are understandable and reasonable laws, and effective implementation or execution of these laws. If there is one special

feature of the Indian Republic, it is the exclusive focus on the first component and complete neglect of the second. To keep on making new laws without executing them is as foolish as a company that keeps on rewriting its mission statement and does nothing thereafter. The fault is not with the 1961 Act but with the failure to implement its provisions.

An important provision is the proposed Clause 123 which introduces the General Anti Avoidance Rule. While similar provisions exist in several countries, it is highly likely that this provision will be abused and every contract that results in a lesser incidence of tax will be declared as "an impermissible avoidance agreement". This clause confers wide powers on the Income Tax Department to completely disregard contractual provisions and even make "connected persons" liable to tax. The department can treat share capital as a debt and "recharacterise" any kind of capital or revenue receipt, or any expenditure, deduction, relief or rebate. The expressions "associated enterprise", "connected persons", "international transactions" have been widely defined. Clause 124 (19) can also have deadly consequences. It gives unlimited powers to the department to give a completely different interpretation to a contract. Surely, the years ahead are going to be fraught with extensive litigation.

COMPLEX THEN, MORE COMPLEX NOW

THE INCOME TAX ACT, 1961	THE DIRECT TAXES CODE, 2010
More than 300 sections and 14 schedules	319 sections and 22 schedules
About 90 words and expressions defined	297 words and expressions have been defined in the "interpretation clause" (which is at the end of the Bill)
Four heads of income: salaries; income from house property; profits and gains of business or profession; income from other sources	Four heads of income: from employment; from house/property; from business and capital gains; from residuary sources
Deductions (Section 80A-80V)	**Tax Incentives**
Special provisions relating to shipping companies, venture capital companies	Similar/identical provisions
Assessment appeal, revision, refunds, penalty, prosecution	Similar/identical provisions
Settlement of cases and advance rulings	Similar/identical provisions

Other Deadly Provisions

The code contains a few provisions that are either liable to serious abuse or will be wholly unworkable. One example is the proposal to make all managers liable to pay the tax arrears of their employer-company. So, if a large company runs into serious difficulties and its taxes cannot be recovered, the department can make the managers liable. Similarly, going abroad can be extremely cumbersome as one will have to get a tax clearance certificate from the Income Tax Department. Shockingly, foreign airlines can now be made liable for the tax liability of defaulting assessees if they permit persons to fly in their aircraft without a tax clearance certificate.

Another dangerous provision is Clause 159 which permits reopening of assessments even if a different order is passed by any authority or any court in any other proceedings. Shockingly, if the assessment of 'X' Ltd. is completed, and several years later a different view is taken in the proceedings pertaining to 'Y' Ltd. (a wholly unconnected company), the assessment of 'X' Ltd. can be reopened. The provisions of the Direct Taxes Code destroy the sanctity of an assessment order. There is tremendous scope for extreme arbitrariness in reopening assessments.

In the end, the new Direct Taxes Code is an utterly wasteful exercise. It is merely the 1961 Act in a new avatar. The Finance Minister has announced that the new Direct Taxes Code will come into force in 2012. He would do the country a great service by scrapping the proposal for a new Direct Taxes Code and focusing his energy in better implementation of the existing provisions of the 1961 Act. ⊙

The author is a Senior Advocate of the Madras High Court

B-schools at the Crossroads

The eighth *BT*-Nielsen marquee B-school rankings. And the story of the churn Indian management education is going through.

BY SHAMNI PANDE and SAUMYA BHATTACHARYA

Scores are Brand Equity Index, or BEI, scores

A barrelling economy. Emerging business models that have the international business community keenly watching. At least half a dozen sunrise sectors shooting off the charts. Fast-clipping businesses chasing new markets both in India and overseas. Outside-in foreign interest scaling record highs.

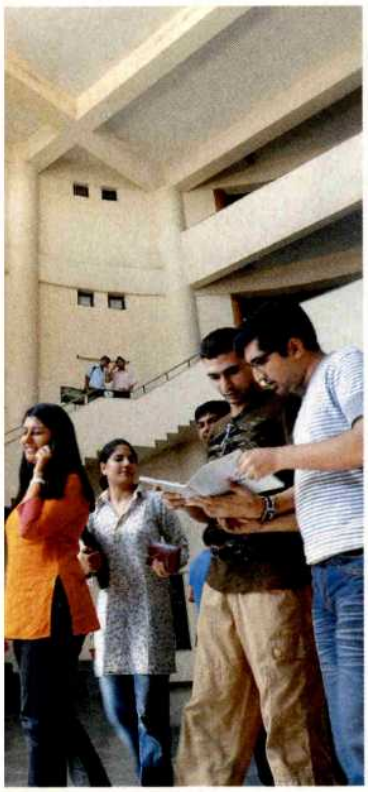
The world of Indian business, it appears is in churn — in an enriching kind of way — like never before. That should be scintillating news for the aspiring managerial class. Especially the thousands waiting on the sidelines of India Inc. to dive into jobs that will bring them wealth and respect. Respect which can come through that much-chased stamp of an MBA, a Masters in business administration. A certificate from a business school, or B-school, that will fast-track them through the early decades of what is promised to be India's century.

Hold on. That is the 10,000-foot view. Closer to terra firma, it's a churn of a different kind. One that has business graduates wringing their hands dealing with what hirers call "employability" issues, B-schools changing themselves to reflect the rapidly morphing world of business, recruiters seeking custom-made programmes at management institutes to suit their workplaces and industries, and foreign B-schools gingerly feeling their way in the world's second-fastest growing major economy.

Welcome to the context in which *Business Today* presents its Best

11-20

VIVAN MEHRA



Gaining traction: The Department of Management Studies at IIT Delhi

Annual fee range for Tier II, Tier III B-schools

Rs 1.5-6 lakh

Average annual salaries offered to Top 20 B-schools

Rs 8.5 lakh

11 IIFT Delhi
Rank 2009: 17/ Score: 0.56 **Score 2010: 0.47**

12 IIM Kozhikode
Rank 2009: 15/ Score: 0.58 **Score 2010: 0.45**

13 SIBM Pune
Rank 2009: 4/ Score: 1.34 **Score 2010: 0.43**
Big Falls

14 JBIMS Mumbai
Rank 2009: 5/ Score: 1.01 **Score 2010: 0.39**

15 IIM Shillong
New Entrant
Score 2010: 0.38

16 DMS IIT Delhi
Rank 2009: 20/ Score: 0.49 **Score 2010: 0.37**

17 DMS IIT Roorkee
New Entrant
Score 2010: 0.37

18 K.J. Somaiya Mumbai
Rank 2009: 20/ Score: 0.49 **Score 2010: 0.36**

19 SPJIMR Mumbai
Rank 2009: 14/ Score: 0.59 **Score 2010: 0.35**

20 IMT Ghaziabad
Rank 2009: 23/ Score: 0.42 **Score 2010: 0.35**

B-schools annual. As much as each of the above factors finds reflection in our rankings, put together with market researcher The Nielsen Co., sometimes it does not seem that way. That may sound confusing but is true. Rankings reflect the perception of the target audience and the 2010 and 2009 surveys are the best examples of that. In a year of financial meltdown, the value proposition was the top factor at work. Amity Business School, which charged a modest Rs 4 lakh in fees compared with over Rs 10 lakh at the Indian Institutes of Management (IIMs) and other top tier B-schools, vaulted to the Top 10 list last year for the first time since our surveys began in 1998. It didn't seem to matter that Amity was perceived a clear rung below the aristocracy.

This year the tables have turned, and Amity has come in at No. 27 in the rankings. The snoot club is back in the velvet, thanks to the strength of the economic recovery. And yet, the haute table has its surprises: we have three new place-cards in the 2010 Top 10. The Faculty of Management Studies (FMS) of the University of Delhi has moved seven ranks to No. 4 from No. 11 last year. (See *No-Frills Favourite* on page 68) Sure, FMS is not expensive at all, charging just Rs 10,000 in annual tuition fees, but what about the Indian School of Business (ISB), Hyderabad, which costs nearly Rs 12 lakh for a one-year programme? ISB climbed to No. 7 in 2010 from No. 13 last year.

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- Has an emphasis on student driven Clubs and Activities for practice oriented learning
- Placements are supported and organized by AKGIM Placement Committee

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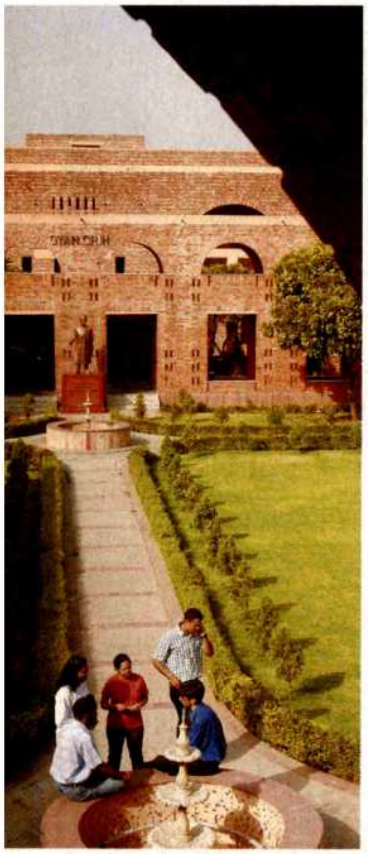
Ajay Kumar Garg Institute of Management
Ghaziabad, India

21-30



The Lehman Effect: MDI Gurgaon has introduced papers on ethics

21 BIMTECH Delhi
Rank 2009: 18 Score 2010: 0.33

22 ICFAI Mumbai
Rank 2009: 25 Score 2010: 0.32

23 NMIMS Mumbai
Rank 2009: 18 Score 2010: 0.32

24 MDI Gurgaon
Rank 2009: 22 Score 2010: 0.32

25 DMS IIT Kanpur — New Entrant
Score 2010: 0.31

26 BIM Tiruchirapalli — New Entrant
Score 2010: 0.30

27 ABS Noida — Big Falls
Rank 2009: 9 Score 2010: 0.29

28 CCIM Bangalore — New Entrant
Score 2010: 0.28

29 Prin L.N. Welingkar — Big Falls
Rank 2009: 15 Score 2010: 0.28

30 NIM Ahmedabad — New Entrant
Score 2010: 0.28

Average annual salaries offered to next level 50-100 B-schools
Rs 3 lakh

Average annual salaries offered to Tier II and III B-schools
Rs 1.5 lakh

IIM Indore also makes its way back into the Top 10 after it fell to No. 12 last year. The upward march of these B-schools has pushed Symbiosis Institute of Business Management, Pune, and Jamnalal Bajaj Institute of Management Studies, Mumbai, to No. 13 and No. 14 respectively, from a high No. 4 and No. 5 last year.

IIM Ahmedabad stays overall leader of the Indian B-schools pack by a mile, a position it has maintained for the last eight years. What is the secret sauce that keeps the school ticking? Nose to the grindstone execution, says director Samir K. Barua. "The ability to do the basics of good academic processes right, day after day, year after year, is the reason why IIM-A continues to be able to deliver top quality education," he says. That courses are delivered on schedule by a competent faculty and programmes are continually updated help, he adds.

'On schedule' and 'competent' could well be the key phrases that set IIM-A — and the top half of the pack — apart from the rest. Otherwise there is no dearth of courses and no shortage of programmes that are on offer from a motley bunch of institutes that range from the third rate to those bordering on the fraudulent. To understand the swirls and eddies that put B-school education at the crossroads in India today, some context is instructive. As a nation, India produces the highest number of MBAs in the world. If you shrugged at that saying India has more than 1.1 billion people and produc-

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Shri Pankaj Agarwal, the Vice-Chairman of the Group receiving the
Bhartiya Shiromani Puraskar on behalf of the Chairman Dr. Ram Kishore Agarwal

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  Engineering College
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- **Rajiv Academy for Pharmacy**
  Mathura
- **K. D. Dental College & Hospital**
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- Hailed among **India's Best Engineering Institutes** by **Dalal Street**
- Adjudged as among **Best Emerging Business School** by **Career 360**
- **Top Choice Engineering Colleges in Demand** by **Mail Today Education (India Today Group)**

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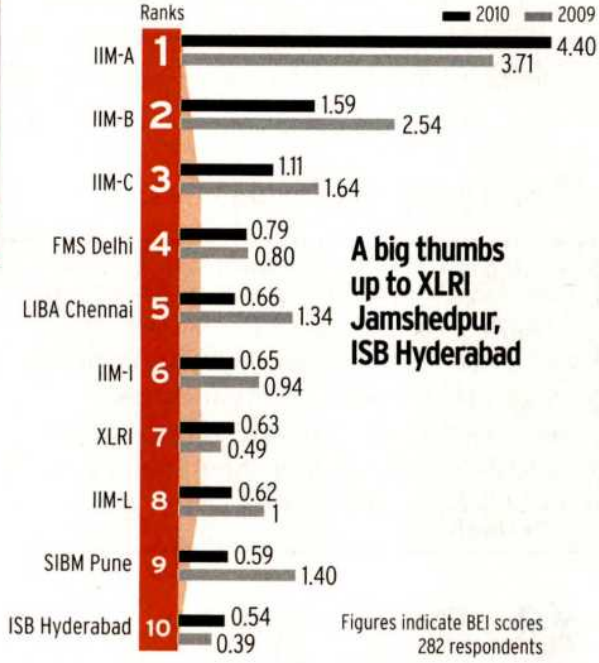
ing 200,000 MBA graduates is not a big deal, think again. Some estimates put the number of newbie "managers" higher because there are scores of fly-by-night B-schools not certified by the All India Council for Technical Education, or AICTE, a statutory body governing technical and other higher education, or recognised by the University Grants Commission (UGC), which sets standards for university level education.

China has 200 B-schools. India 10 times that with some 2,000 government-certified B-schools awarding MBA degrees, or an equivalent and, often, more valuable diploma versions (like those given by the IIMs). Consulting group Technopak presents a more sophisticated look at the situation. India has nearly 100 management school seats per billion dollars of GDP, compared with about 11 in the US, 13 in Britain and some six in China. Technopak's estimate of 100 seats per billion dollars of national income in India is based on a conservative

GIREESH G.V.

RANKINGS ACROSS CATEGORIES

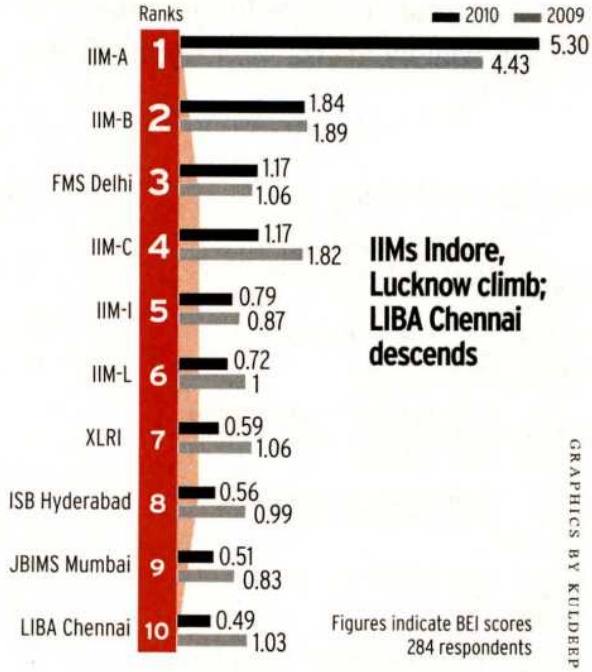
MBA Aspirants



A big thumbs up to XLRI Jamshedpur, ISB Hyderabad

Figures indicate BEI scores
282 respondents

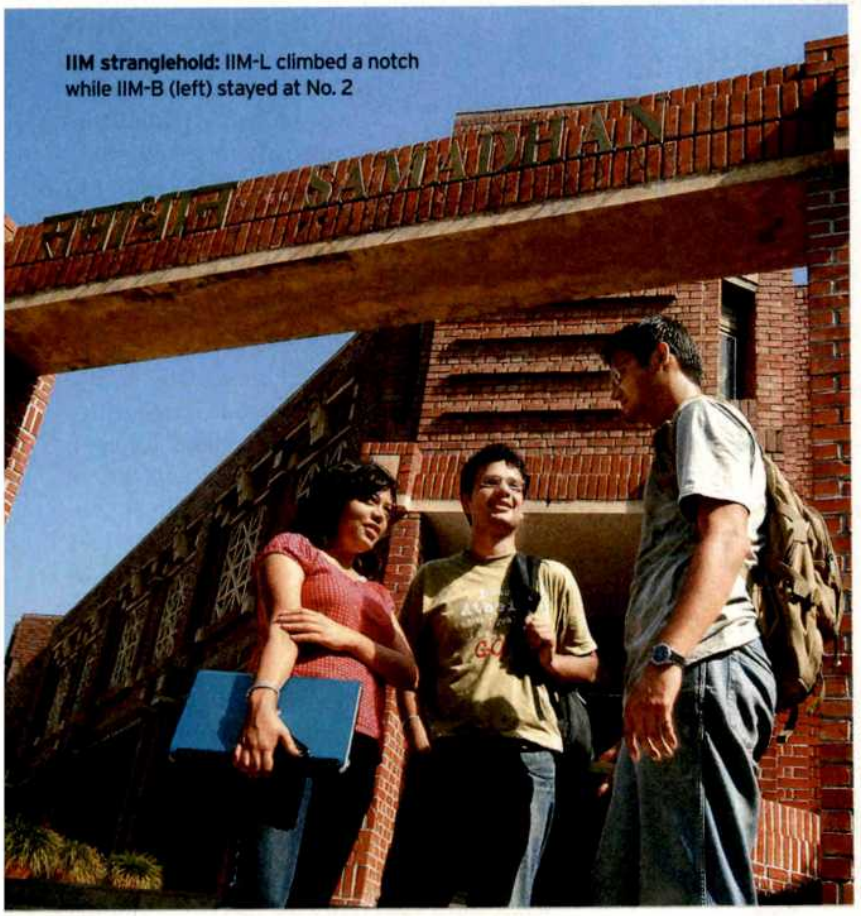
Current MBAs



IIMs Indore, Lucknow climb; LIBA Chennai descends

Figures indicate BEI scores
284 respondents

GRAPHICS BY KULDEEP



IIM stranglehold: IIM-L climbed a notch while IIM-B (left) stayed at No. 2

MANISH AGNIHOTRI

Highbrow institutes are back. We have three new entrants in the Top 10: FMS, ISB and IIM Indore

120,000 "production capacity" of MBAs in India. Take that up to the more widely accepted 200,000 number, and it rises to 160 managers for each billion dollars of GDP.

And there are no signs of slowing down. Experts reckon that between 150 and 200 new institutes apply to the AICTE for permission to set up B-schools every year. To be sure, you don't need AICTE or UGC approval to set up a B-school or management institute but do need a green flag from them if you want to award a post graduate degree or tom-tom that your B-schools is "government recognised", a stamp that still is a big draw among management degree aspirants. "A number of institutes are set-up as study centres for distance education degrees. We estimate that capacity is growing up by over 20 per cent every year," says Bharat Gulia, a senior manager tracking education sector at audit and consultancy firm Ernst & Young. "Most B-schools are little more than finishing schools and, that too, poor at it."

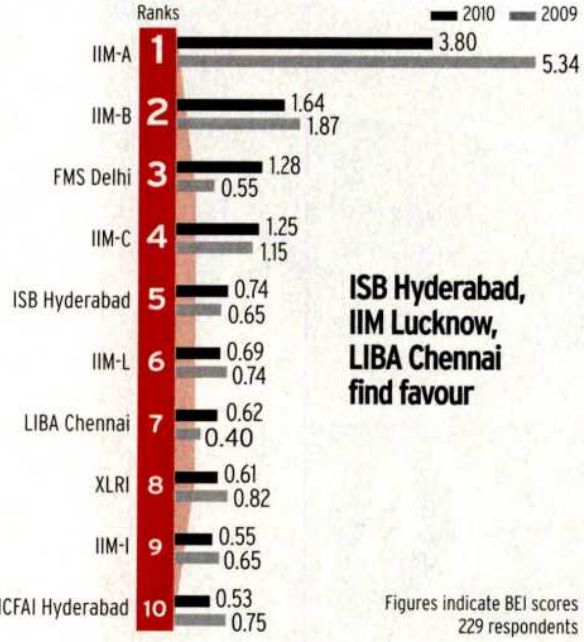
The result is that thousands and

31-50

	RANK
IIPM Delhi	31 (Rank 2009: 24)
TISS Mumbai	32 (Rank 2009: 27)
XIM Bhubaneshwar	33 (Rank 2009: 28)
IIPM Mumbai	34 (Rank 2009: 26)
BITS Pilani	35
XISS Ranchi	36
SCMHRD Pune	37
UBS Chandigarh	38
FORE School Delhi	39 (Rank 2009: 30)
LBSIM Delhi	40
GIM Goa	41
IMI Delhi	42
DMS-NIT Tiruchirapalli	43
GLIM Chennai	44
SIES Navi Mumbai	45 (Rank 2009: 29)
SJMSM-IIT Bombay	46
IFMR Chennai	47
NITIE Mumbai	48
MICA	49
TA Pai Manipal	50

RANKINGS ACROSS CATEGORIES

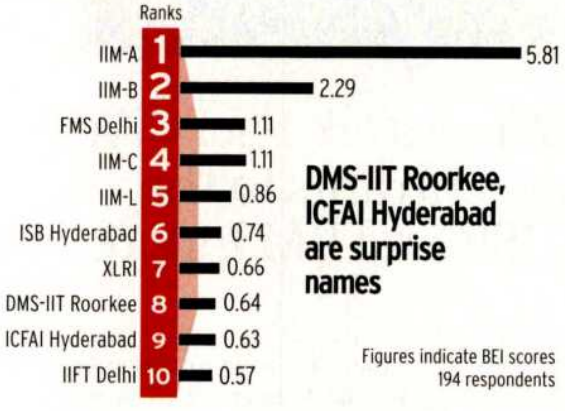
Functional Heads



ISB Hyderabad, IIM Lucknow, LIBA Chennai find favour

Figures indicate BEI scores
229 respondents

Trainers



DMS-IIT Roorkee, ICFAI Hyderabad are surprise names

Figures indicate BEI scores
194 respondents

thousands of business grads being produced are way behind on employability — or the ability to take managerial jobs without heavy doses of training. "While the top 30 to 35 schools churn out good or industry-ready talent, the others struggle to match up. We focus only on the top 25 to 30 schools to meet our staffing needs," says a spokesperson for Infosys Technologies. Preety Kumar, Partner at headhunter Amrop India, says she finds a lot of challenges around B-school grads. "I would any day hire an MA in Economics in place of an MBA who has unrealistic expectations vis-à-vis his skillset," she says.

All this makes for a sweet spot for Nishant Saxena. In an upcoming locality of Gurgaon, south-west of New Delhi, is a nondescript office of Elements Akademia, which runs a chain of finishing schools offering rigorous "employability" training. Among willing takers for its modules are Tier II and Tier III B-schools (Gyan Jyoti Institute of Management, Chandigarh, and Business School of Delhi, Greater Noida, to name two) that are mushrooming all over India. Saxena, Founder of Elements Akademia and himself an IIM Lucknow alumnus, has not yet started to work with any of the top 50 B-schools in the BT-Nielsen rankings, but that may just be a matter of time — apart from the top four on our list this year, all others have scores below 1 on the zero to five Brand Equity Index that Nielsen, the world's biggest consumer measurement company, uses while arriving at the rankings. (See the methodology, *The Way We Did It*, on page 54.) E&Y's Gulia predicts a shakeout among B-schools.

At the top B-schools, the challenges are different. In the aftermath of the slowdown — set off on Wall Street by greedy banks and greedier bankers in 2008 — when the ethics of individuals and compensation structures in organisations were put under the scanner, the one question that educators and employers asked was: is there a need to rethink business education? B-schools in the US and Europe have been introspecting on this deeply — Harvard Business School has instituted a Hippocratic Oath for students — and changing how they teach.

So are Indian management institutes. FMS has introduced new syllabus that teaches new modules on corporate social responsibility and ethics. What's taught as part of a course on ethics? Simply, what's the "right" way of doing business: how to replenish value that is extracted from society and how to see beyond just shareholder value. In Gurgaon, Management Development Institute has introduced compulsory papers on ethics and corporate social responsibility across its courses.

IIM Kozhikode has new modules on social transformation in India that talks about how villages work, how rural folk share resources. IIM-K, in fact, wants to be an equal opportunity institute through gender diversity and focus on the underprivileged. "IIMs can't be elitist; the idea is to globalise Indian thought," says Debashis Chatterjee, Director. (See *Wanted: Women at the Top* on page 106.)

These changes have a strong con-

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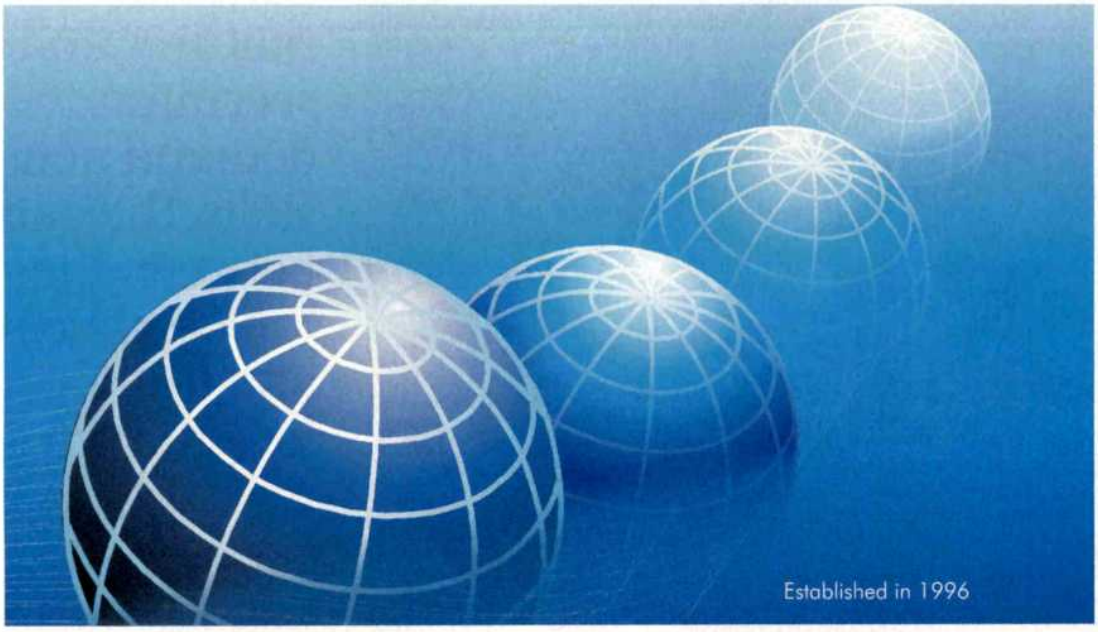

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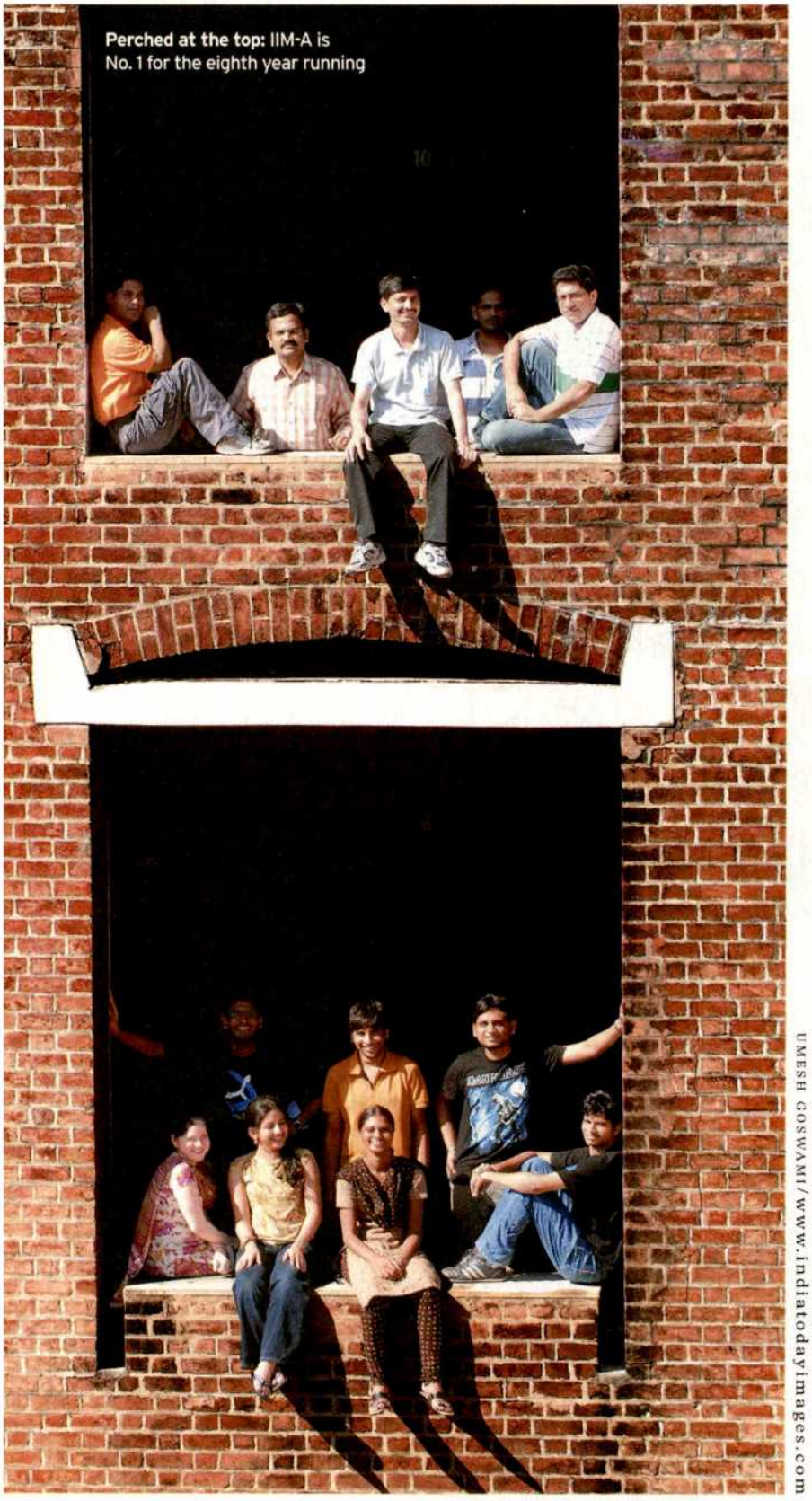

Perched at the top: IIM-A is No. 1 for the eighth year running

UMESH GOSWAMI/www.indiatodayimages.com

As business education matures and recruiters demand new skills, the gap between the top B-schools and those lower down will widen

nect with B-school rankings. The institutes that make a successful transition meeting new management education needs will be the ones likely to retain or improve their standing. Sunil Rai, CEO of the 15-month-old Mumbai Business School, knows this well and is modelling the institute's programmes on medical colleges. His experience-based approach to B-school pedagogy is based on context of "where to apply, when to apply and how to apply" theoretical concepts in real-life situations, says Rai, former Joint Director at S.P. Jain Institute of Management & Research, Mumbai.

As business education matures in India and recruiters demand new skills, the gap between the top B-schools and those lower down will only widen. There will be a more cross-border selection by wealthy students as the fee differentials slim between Tier-I Indian B-schools and counterparts elsewhere and quality of exposure overseas attracts them. Even today "getting an MBA in India does not mean that things are cheap," says David Wilson, President and CEO, GMAC, which conducts the

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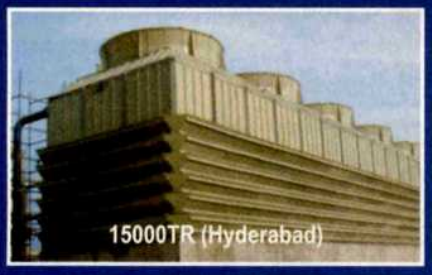
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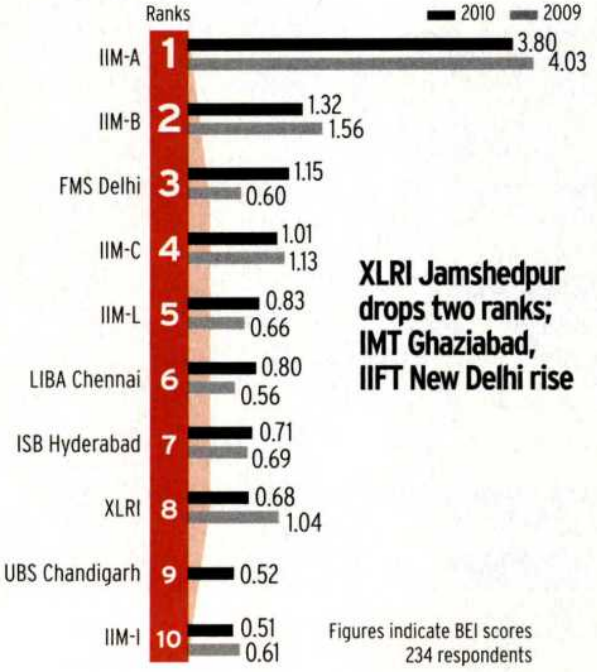
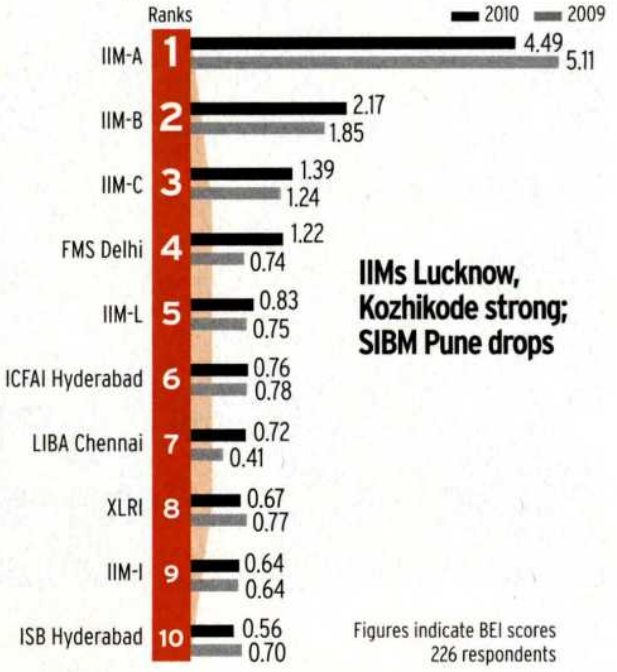
HR Heads



XLRI Jamshedpur drops two ranks; IMT Ghaziabad, IIFT New Delhi rise

Figures indicate BEI scores
234 respondents

Young Executives



IIMs Lucknow, Kozhikode strong; SIBM Pune drops

Figures indicate BEI scores
226 respondents

Rising competition: IIM-C (campus in picture) has FMS closing in

SUVASHIS MULLICK

Graduate Management Admission Test and counts over 30,000 applicants from India — more than three times the number in 2005. At over $40,000 for a programme "the fee in top-tier B-schools here is comparable to international education costs," he says.

For the larger population of B-school aspirants, the road ahead will mean taking a hard look at returns from their MBA investment. For working executives, it will be mean factoring in the opportunity cost of taking time off from work, even if it is for one year. The truly interested and ambitious manager-aspirant will ask ever tougher questions about the quality of faculty, international affiliations and even the industry-specific courses on offer. Employability and potential prosperity will out-rank the temptation to go for a quick and easy piece of paper certifying nothing more than another frustrated job-seeker. When the hordes that knock on B-schools' doors begin to make more hard-nosed choices, the air will look less turbid.⊙

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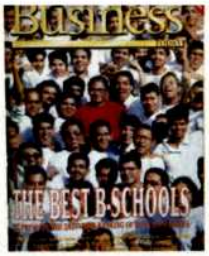
RANKINGS THROUGH THE YEARS



1998

RANK

1 IIM-A
2 IIM-B
3 IIM-C
4 XLRI Jamshedpur
5 IIM Lucknow
6 FMS Delhi
7 JBIMS Mumbai
8 MDI Gurgaon
9 SPJIMR Mumbai
10 NMIMS Mumbai

2005

RANK

1 IIM-A
2 IIM-B
3 FMS Delhi
4 IIM-C
5 XLRI Jamshedpur
6 IIM-L
7 IIFT Delhi
8 Symbiosis Pune
9 JBIMS Mumbai
10 NMIMS Mumbai

2000

RANK

1 IIM-B
2 IIM-A
3 IIM-C
4 IIM-L
5 IRM Anand
6 XLRI Jamshedpur
7 MDI Gurgaon
8 IIM Indore
9 SPJIMR Mumbai
10 IIFT Delhi

2006

RANK

1 IIM-A
2 IIM-B
3 IIM-C
4 Symbiosis Pune
5 IIM-L
6 XLRI
7 JBIMS
8 IIM-Indore
9 FMS-Delhi
10 IIFT-Delhi

2002

RANK

1 IIM-B
2 IIM-C
3 IIM-L
4 NITIE Mumbai
5 IIM Kozhikode
6 MDI Gurgaon
7 IIM Indore
8 SJMSM-IIT Mumbai
9 SPJIMR Mumbai
10 IIFT Delhi

2007

RANK

1 IIM-A
2 IIM-B
3 IIM-C
4 Symbiosis
5 IIM-L
6 IIM-Indore
7 JBIMS
8 XLRI
9 ICFAI Hyderabad
10 NMIMS Mumbai

The stranglehold of the top three IIMs remains unchallenged through the years.

2003

RANK

1 IIM-A
2 IIM-B
3 IIM-C
4 XLRI
5 Symbiosis Pune
6 FMS Delhi
7 IIM Lucknow
8 JBIMS Mumbai
9 IIM Indore
10 ICFAI Hyderabad

2008

RANK

1 IIM-A
2 IIM-B
3 IIM-C
4 Symbiosis
5 IIM Lucknow
6 XLRI
7 JBIMS
8 IIM Indore
9 FMS Delhi
10 ICFAI Hyderabad

2004

RANK

1 IIM-A
2 IIM-B
3 IIM-C
4 XLRI
5 Symbiosis Pune
6 FMS Delhi
7 IIM-L
8 JBIMS Mumbai
9 IIM Indore
10 ICFAI Hyderabad

2009

RANK

1 IIM-A
2 IIM-B
3 IIM-C
4 Symbiosis
5 JBIMS
6 IIM-L
7 XLRI
8 ICFAI Hyderabad
9 ABS Noida
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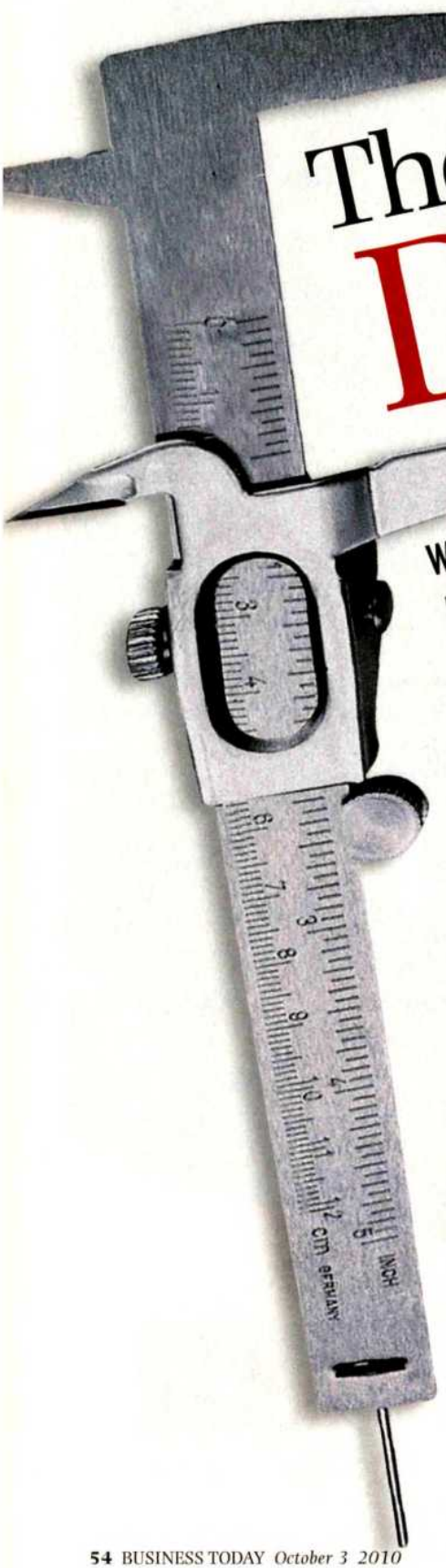

The Way We Did It

We listened to more people, increased the number of cities covered, asked more questions in this year's B-school survey.

India's economy is firing on all its cylinders again, and qualified hands are needed in the boiler room. Recruiters are back in droves on business school campuses to pick graduates by the hundreds, if not the thousands. Still, the mood is wary among students and mid-career managers weighing an executive diploma programme to boost their marketability. There is good reason for the caution. Last year's graduating class across the country, except perhaps from the storied Indian Institutes of Management, was badly mauled in the job market. Most newly-minted managers had to settle for salary packages much worse than they had dreamed of.

The question uppermost in the minds of those aspiring to be part of India's MBA Class of 2013, in other words those taking the Common Aptitude Test or other entrance examinations to B-schools later this year, is whether an MBA is worth the few lakhs of rupees it costs and the two years it takes.

What does *Business Today*'s annual business school survey, the most-read in the country, look to do in this situation? Simply put, we decided to make our gold-standard survey even more rigorous, robust, and indispensable by dramatically expanding its scale and scope. *Business Today* and Nielsen surveyed 1,449 people (nearly two and a half times the sample size last year), added a new category of respondents, broadened the geographical spread of the face-to-face research, and covered more B-schools — 50 compared

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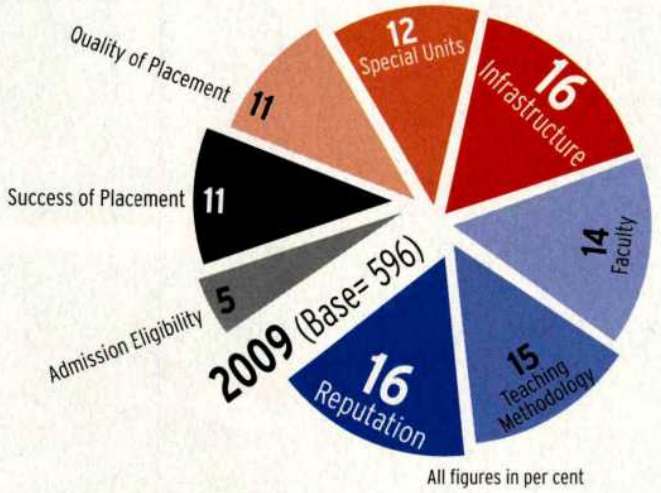
Factors Driving B-school Brands



All figures in per cent

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with 30 last year — to bring you richer findings backed by deeper data.

Business Today pioneered the B-school survey in 1998, and this is the place for an important reminder about what makes the *BT*-Nielsen survey better than the dozens of print and television imitations flattering it: this is a *perception* survey. It captures what respondents *think* about B-schools based on the information they have and their own experience. Our survey does not teeter on the more questionable "factual" data on infrastructure, average salaries, or the total number of campus placements while arriving at the rankings. Those figures are susceptible to overstatement by the participating colleges and there are no absolutely credible bases to validate them. We did not seek the participation of the business schools, nor did we restrict the survey to a limited number of colleges that might deign to take part.

Our methodology, honed and sharpened over the past eight years, broke up respondents into six categories: MBA Aspirants, Current MBAS (or B-school students), Young Executives, HR Heads, Functional Heads and a new and important group added this year, the Trainers.

The first group consists of "potential customers" of B-schools and reflects what they look for in an MBA programme. We ensured a mix of MBA aspirants with and without work experience. Of the 282 MBA aspirants, 87 had work experience and 195 did not. Current MBAS consisted of 183 final-year students and 101 first-year students from reputed B-schools. Nielsen teams also questioned 226 executives with fewer

New Dimensions

BT-Nielsen expands scale and scope in its eighth edition

BIGGER SAMPLE SIZE: Polled 1,449 stakeholders. Last year, the survey had 596 respondents

WIDER FOOTPRINT: Added Chandigarh, taking the number of cities covered to 13. The dozen scoped last year were: New Delhi, Mumbai, Chennai, Kolkata, Lucknow, rest of the National Capital Region (Noida, Gurgaon and Ghaziabad), Ahmedabad, Pune, Indore, Bangalore, Hyderabad and Coimbatore

NEW STAKEHOLDER CATEGORY: Included trainers from MBA coaching institutes – among the biggest influencers – for the first time

FIRST-TIME QUALITATIVE TAKE: Deployed a Nielsen online tool 'BuzzMetrics' to capture what MBA stakeholders are discussing online (See *Business of Chatter*, page 124). This does not influence the survey findings but does tell you which schools are in the buzz

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INSTITUTE	ACTUAL RANK	PERSONAL PREFERENCE
IIM-A	1	1
IIM-B	2	2
IIM-C	3	3
FMS Delhi	4	5
IIM-L	5	4
XLRI Jamshedpur	6	11
ISB Hyderabad	7	10
IIM-I	8	6
LIBA Chennai	9	7
ICFAI Hyderabad	10	9
IIFT Delhi	11	8
IIM-K	12	30
SIBM Pune	13	15
JBIMS Mumbai	14	18
IIM-S	15	36
DMS-IIT Delhi	16	19
DMS-IIT Roorkee	17	24
K. J. Somaiya-Mumbai	18	16
SPJIMR Mumbai	19	31
IMT Ghaziabad	20	29
BIMTECH Delhi	21	13
ICFAI-Mumbai	22	14
NMIMS Mumbai	23	23
MDI Gurgaon	24	42
DMS-IIT Kanpur	25	32
BIM-Tiruchirapalli	26	12
ABS Noida	27	17
CCIM Bangalore	28	20
Prin. L.N. WIM-Mumbai	29	21
Nirma-Ahmedabad	30	27

than three years of work experience.

The 229 functional heads were polled for their experienced views on the effectiveness of a B-school education, as were 234 HR managers from India Inc. who have been fishing in the expanding pool of business graduates over the past three years. We brought in the last group of 194 trainers — typically administrators and teachers at B-school coaching institutes — as they have a big influence on the admission choices students make.

Get, Set, Go...

The *BT*-Nielsen survey this year was conducted in one sustained period of time, unlike previous years when the study was spread over two phases. Teams from *Business Today* and Nielsen started by shortlisting the top 60 colleges based on our rankings from past years, data research and other published sources. With the widening array of colleges that MBA aspirants and recruiters choose from, we expanded our rankings list to 50.

The rankings were based on the **Brand Equity Index** (BEI) scores constructed using the **Winning Brands** proprietary Nielsen tool. The scores were based on questions built around various B-school attributes classified into Reputation, Placements, Quality of Placements, Infrastructure, Faculty, Specialised Units, Teaching Methodology and Admissions Eligibility (see *Classification of Attributes*). Each of these eight attributes was further broken up into sub-attributes such as the difficulty of admission tests and the student-faculty ratio.

The Winning Brands model can be used to measure the health of brands across practically any category, and is focused on understanding the key drivers of any choice. Taking into consideration parameters like the favourite B-schools, recommended B-schools and the price premium commanded by a brand, the model calculates the BEI based on multi-variate analysis. The index scores form the firm foundation for the B-school rankings. The higher the BEI score of a B-school, the more attractive it is to its stakeholders and therefore the higher its ranking will be.

Based on the scores, B-schools were categorised as a Monopoly Brand (with a score between 4 and 6), Winning Brand (between 3 and 4), Distinct Brand (between 2 and 3), Undifferentiated Brand (between 1 and 2) and Others (lower than 1).

The scores were based on various attributes: Reputation, Placements, Quality of Placement, Infrastructure, Faculty, Teaching Methodology, Eligibility...

This year, we also introduced a minor addition: we asked respondents to rank schools from the set of 60 on our shortlist. The people Nielsen polled were asked to answer the question "Which do you think the best B-school is?" We then grouped such choices in descending

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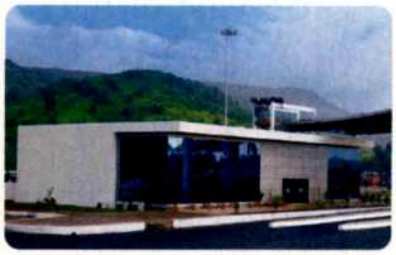

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Classification of Attributes

Reputation
- High ranking institute
- Thorough subject knowledge
- Tough admission exams
- Alumni achievements
- International recognition
- Tie-up with foreign institute
- Offers great internship opportunities

Infrastructure
- High speed Internet connectivity
- Excellent library, computer labs
- Enables financial aid
- Convenient location
- High standard hostel & mess facility

Success of Placement
- 100% placement
- Multiple placement options

Faculty
- High quality research papers
- Visiting profs-industry captains
- Well-trained faculty

Specialist Units
- Specialised programmes/curricula (can be in any stream like Marketing/ HR/Finance/ Operation/Mass Media/IT)

Quality of Placement
- Average salary best in the industry
- Placement abroad & in MNCs

Teaching Methodology
- Student-faculty ratio
- Excellent teaching methods
- Good industry exposure

Admission Eligibility
- Prefer students with work experience
- Admission to engineers only

MONEY SHARMA

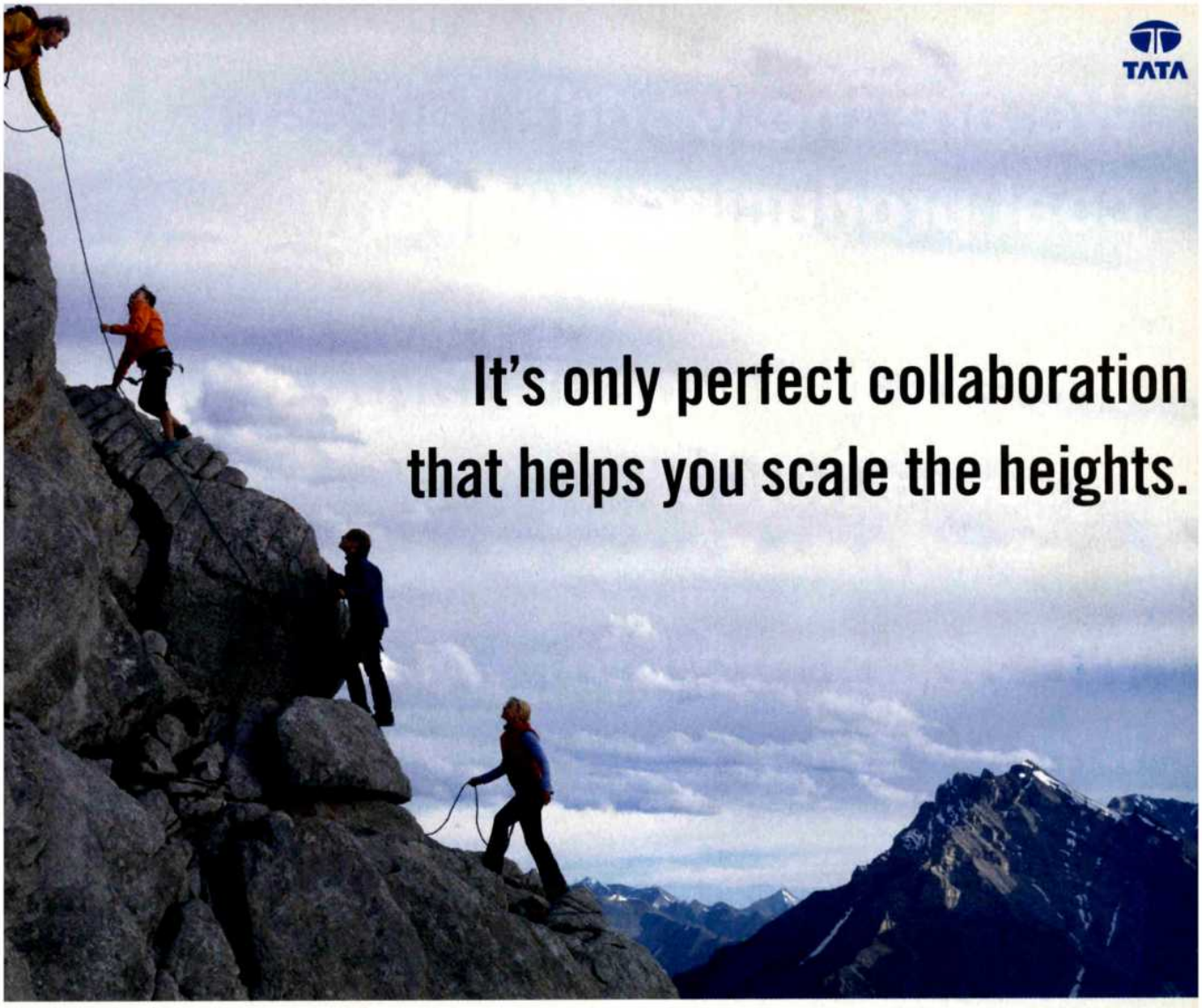
The surveyors: (L) Vinod K. Yadav, Client Solution Executive-Media IPG and (R) **Anupam Asthana,** Sr. Manager, Client Solution-Media Practice, The Nielsen Company

order of votes received and arrived at a more subjective "personal B-school preference". There is a subtle distinction here: while the BEI captures the strength of a particular B-school brand, the straight-off answer captures personal preference.

For example, a student might rate IIM Ahmedabad the highest with her index score. But if she knows that her competence, or her ability to relocate, or her inability to finance an expensive graduate programme might not gain her admission into that school or any of its peers where competition is intense, she might consider a tier-II or tier-III B-school as top of her preferred list. In our ranking (see page 38), this dichotomy becomes evident in the case of IIM Kozhikode, which is listed No. 12 by Nielsen's BEI but No. 30 in order of personal preference. IIM Shillong (No. 15 vs No. 36) or Management Development Institute, Gurgaon (No. 24 vs No 42) are other examples.

On the other hand, some colleges do much better on the personal scale than on the BEI rankings, for instance, Birla Institute of Management Technology, Delhi, which had an index score of 21 but a higher personal preference rank of 13, Bharathidasan Institute of Management, Tiruchirapalli (No. 26 vs No. 12) and Amity Business School, Noida (No. 27 vs No. 17).

The *BT*-Nielsen B-school rankings are always much anticipated and much discussed. They carry weight with our audience because they are fair, comprehensive, dispassionate and unbiased. The rankings constitute our most prestigious study. Inevitably, they excite delight among the new stars on the firmament, or the comets that have flashed back into the sky; or they draw criticism from those whose lights have dipped below the horizon. Either way, dear reader, we welcome your feedback and participation. ⊙



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Rs. In million

	2007-08	2008-09	2009-10
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Net Profit	42,850.07	40,628.05	**98,294.09**
Share Capital	63,163.64	63,163.64	**63,163.64**
Reserves & Surplus	108,843.19	1,26,918.03	**1,95,289.14**
Dividend (%)	27	27	**35**
Basic EPS (Rs.)	6.78	6.43	**15.56**
Diluted EPS (Rs.)	6.78	6.43	**15.56**
Book Value	27.23	30.09	**40.92**

* World's largest producer of coal based on raw coal produ of 431.26 million tons in fiscal 2010 (Source: CRISIL Resea

** As of April 1, 2010 (Source: CRISIL Research)

*** Accounted for 81.9 % of India's total coal productic fiscal 2009 (Source: CRISIL Research, Coal Outlook: 2(2010 to 2013-2014, Annual Review, November 2009)

- Coal resources of 64,786 million tons as of April 1, 2 (Source: CRISIL Research)

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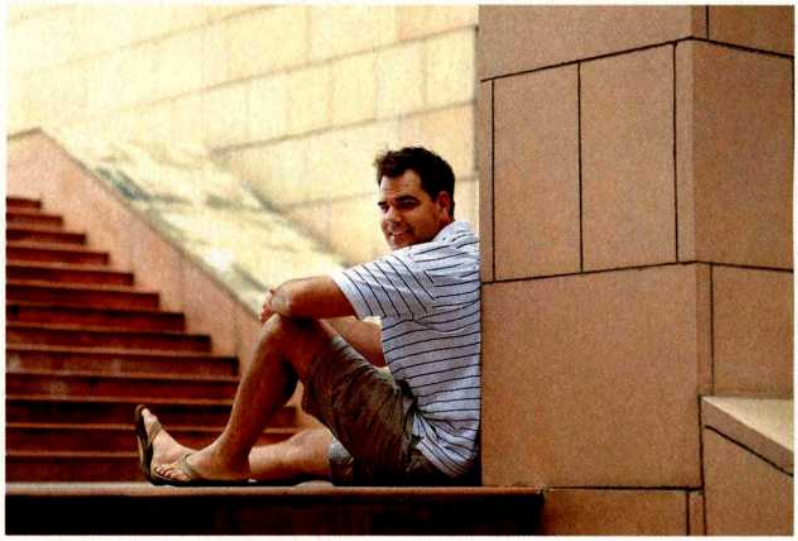
Business Verbatim...

On why people flock to B-schools, big and small.

"Though I was born in Chennai, I was educated abroad – in Sri Lanka up to my 12th grade and in the UK for my graduation from the London School of Economics. I joined IIM-B because I wanted to pursue my higher studies in India and the IIMs, obviously, are the best institutions you can hope to get into...
I think the fundamentals they teach MBAs are extremely useful in understanding organisations in their entirety, and the knowledge you gain from an MBA would be useful for any organisation."

Devika Menon, 20, IIM-B

DEEPAK G. PAWAR



VIVAN MEHRA/www.indiatodayimages.com

"Discovering India is, perhaps, the most interesting part of my education. Even as a kid, I was always fascinated with India and her stories. When I heard about the India growth story, I got really excited. The course here is an opportunity to experience and understand that (growth story)... Back in the US, all of us worked for American companies. Here, in my study group, we have people working for Indian companies, American companies, multinational companies... the diversity of the experience is far more."

Christopher Garnic, 27, ISB Hyderabad

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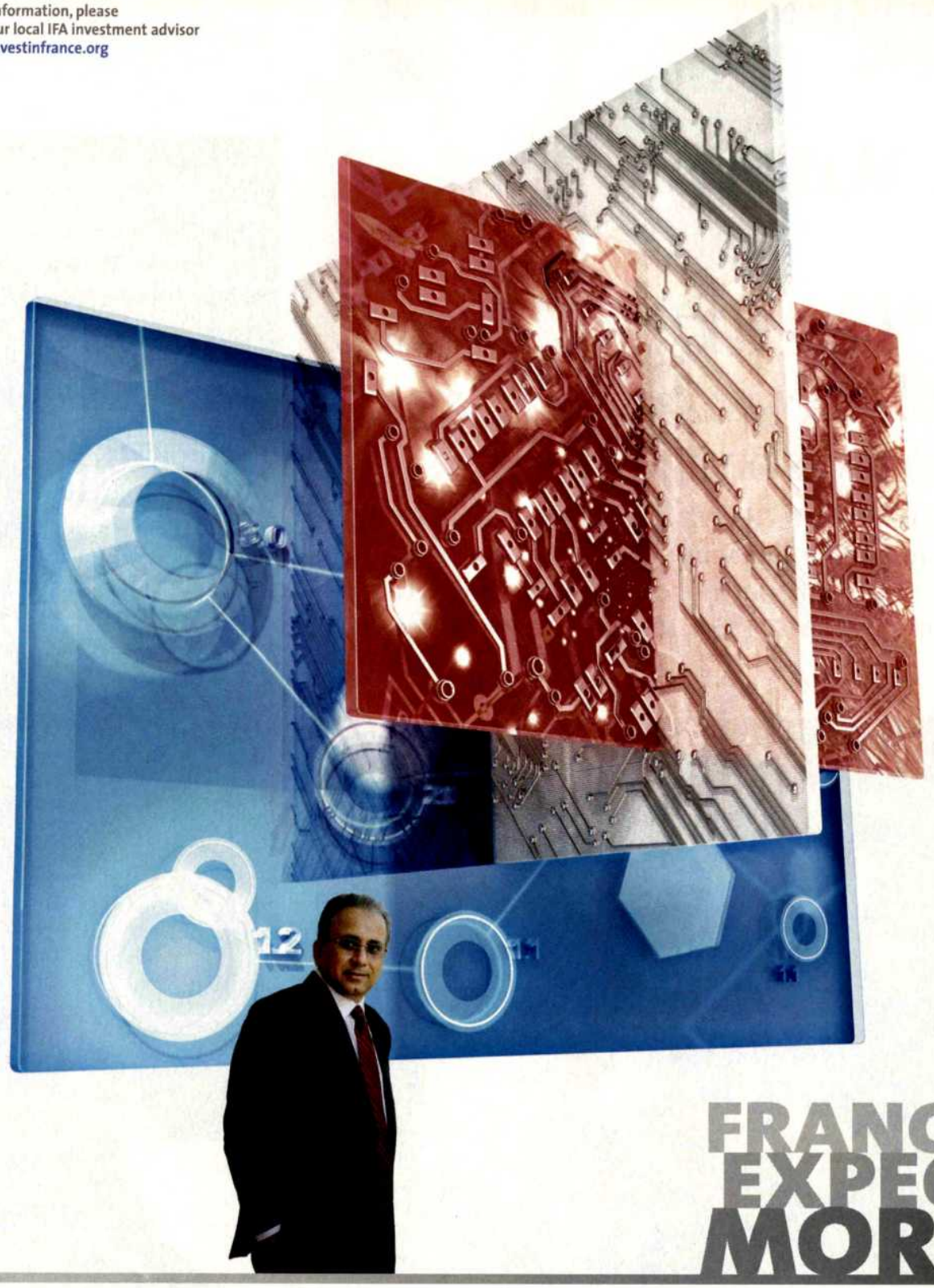

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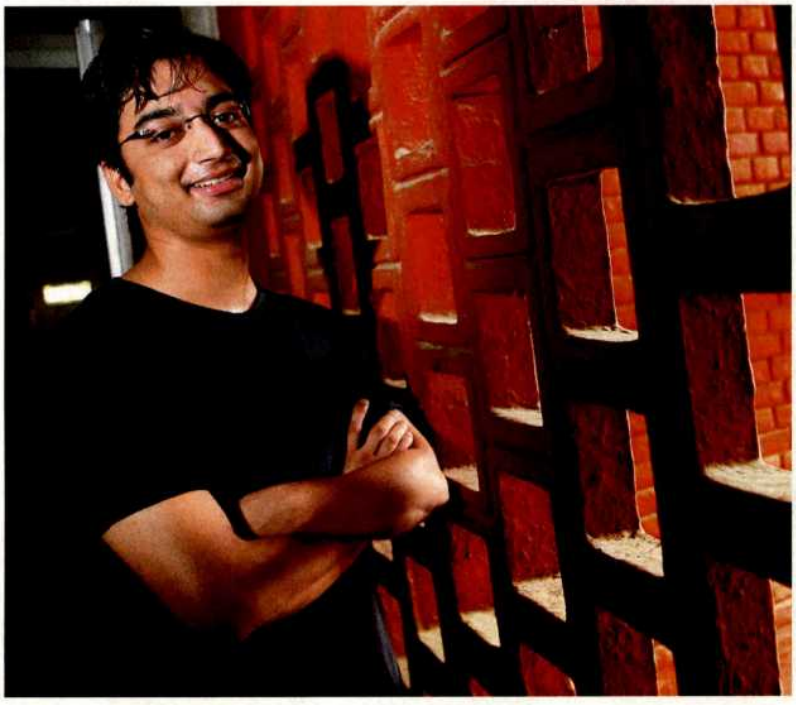
RACHIT GOSWAMI

"The focus of the corporate sector today is on rural markets... I think a local with a small-town MBA degree has a natural advantage in offering insights on consumer behaviour and spending patterns."

Imteyaz Ahmed, 27, Institute of Business Management, Darbhanga



MONEY SHARMA

"Management education has become synonymous with money making. I want that to change. Management education shouldn't be restricted to the corporate world. It should be about becoming better managers in all aspects of life."

Shankar Rao, 25, FMS, Delhi

"I started working from the age of 17, as a Railway Ticket Collector, doing my B.Com as well. Later, I joined the Indian Audit and Accounts Department and, then worked for SBI. My goal was to get an MBA from an IIM. At IIMs, you have the advantage of learning from your teachers as well as your classmates. I have benefited greatly from this."

Jagadeesh Yathirajula
25, IIM-B

DEEPAK G. PAWAR

As told to K.R.Balasubramanyam, T.V.Mahalingam, Anand Adhikari and Anumeha Chaturvedi

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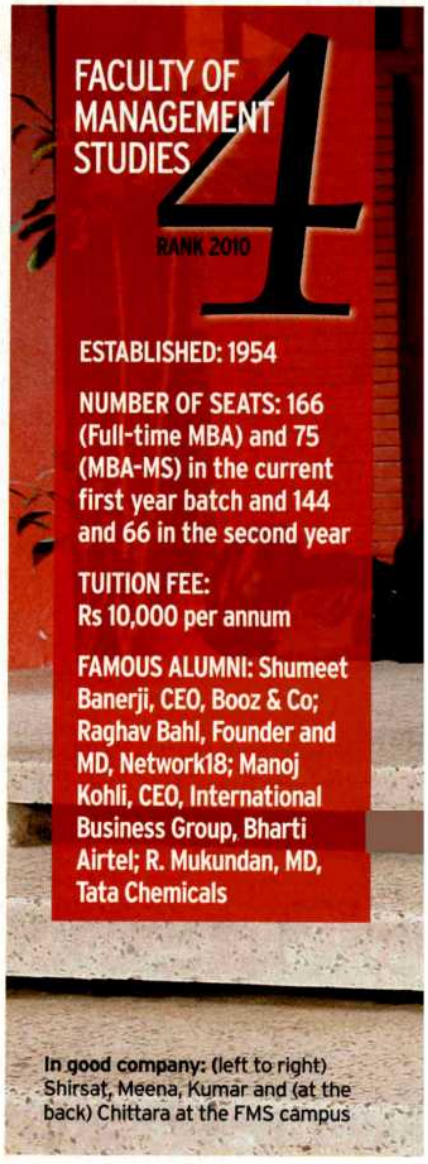
The No-Frills Favourite

It's been a big jump for this pioneer. BY ANUMEHA CHATURVEDI



In good company: (left to right) Shirsat, Meena, Kumar and (at the back) Chittara at the FMS campus

It's not just the FMS tag that binds first-year batchmates Shakti Prakash Chittara, Giriraj Meena, Samvedna Shirsat and Ashish Kumar. They share another link: all of them cracked the gruelling Common Admission Test (CAT) and sailed through the interviews at IIM-Lucknow, but chose the no-frills Faculty of Management Studies of Delhi University (DU).

In doing so, it's as if these students pre-empted the findings of the latest *BT*-Nielsen B-school survey, which places FMS at No. 4, up seven positions from No. 11 last year. This year, FMS comes right after the *crème de la crème* of the IIMs — Ahmedabad, Bangalore and Calcutta — and above IIM-Lucknow. In 2008, it was ranked No. 9.

Though the students consider lack of good infrastructure a major shortcoming, FMS has its draws: a 56-year-old pedigree, strong alumni base, the low tuition fee (a measly Rs 10,000 a year), a great placement record and a strong faculty.

The smaller batches also matter, says Shirsat, a B.Tech from SNBP University, Mumbai. "It has a batch of 166 as opposed to over 400 in IIM-Lucknow, so the competition is a lot less and we can forge better relationships with the faculty. It's easier to get placed here than in an IIM, where we would have to figure in the top 50 to be able to get a package of Rs 13-14 lakh," she says. Meena, an M.Tech, agrees: "We'd be totally lost there."

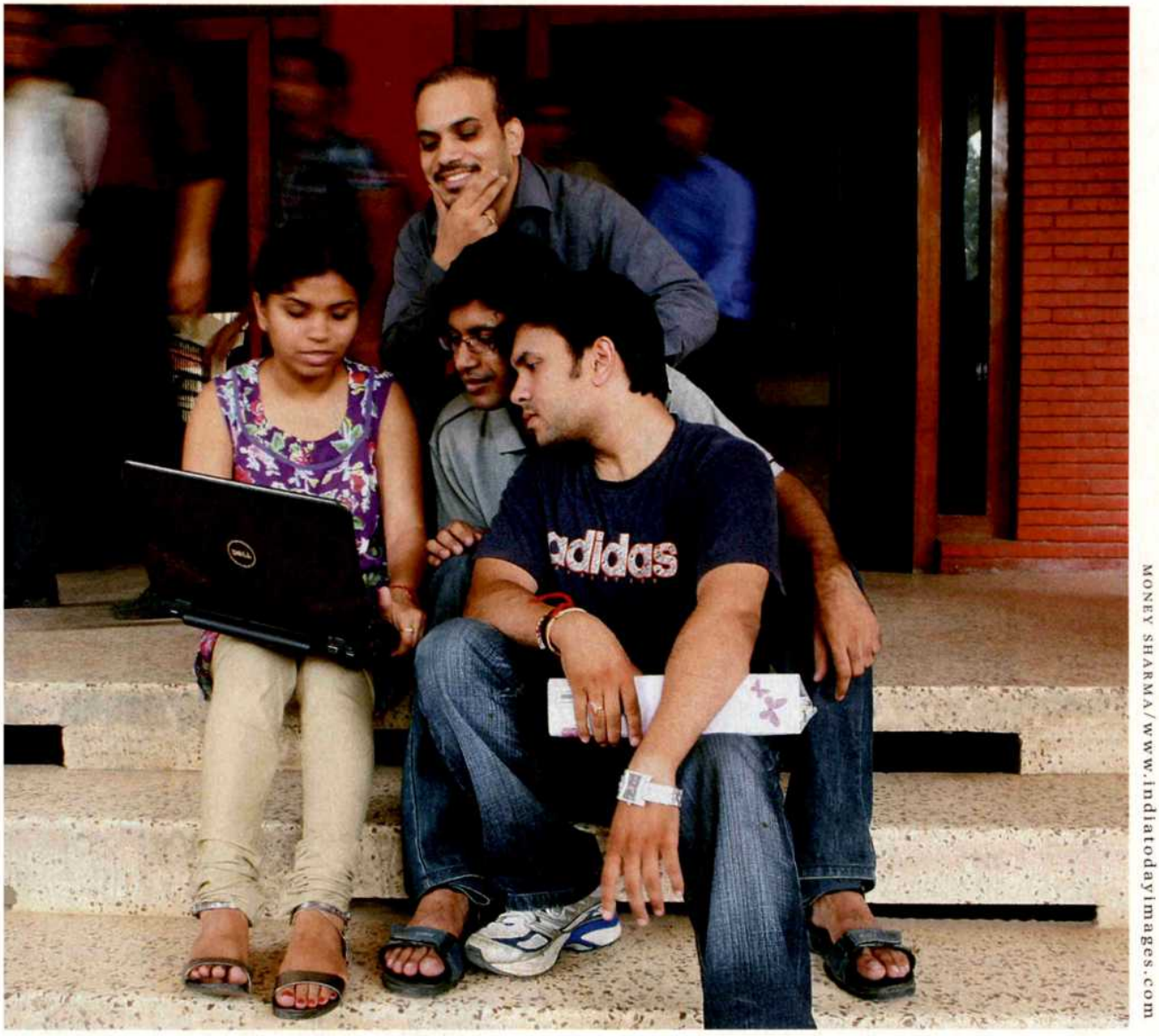
The institute was one of India's first management institutes, beginning with courses for working professionals in 1954. With an alumni roll that reads like the Who's Who of the corporate world, FMS attracts applications from 60,000 students every year, but admits only 166 for the full-time MBA programme. The institute offers two full-time courses — MBA and an MBA-MS (Management of Services) — but will merge these into one full-time MBA from 2011 admissions. This will increase the seats to 226.

Leena Nair,
Executive Director, HR, HUL

"FMS has a rich diversity of student profiles in terms of work experience..."

FMS has been experimenting to make up for the paucity of faculty as is common across B-schools in India. "For the past two years, our teachers have been working extensively with industry experts. These experts are alumni of the institute and are invited to come and teach here," says Pradeep Nagraj, a second-year student and joint placement secretary.

The FMS faculty is a mix of economists, sociologists, psychologists and engineers-turned-MBAs. At the same time, it has built special relationships with leading companies and refers to them as legacy recruiters — compa-



MONEY SHARMA/www.indiatodayimages.com

nies like Hindustan Unilever, Procter & Gamble, and Citibank.

Recruiters seem to be happy with FMS products. "FMS students are driven by a strong value system," says Sonali Roychowdhury, Associate Director and Head of Human Resources, P&G India. Adds Leena Nair, Executive Director, HR, HUL. "One distinguishing feature of FMS has always been the rich diversity of student profiles in terms of work experience as well as educational backgrounds. The students we have recruited consistently exceed our expectations."

The number of students with work experience has also increased, from 49 per cent in the 2005-07 batch to 64 per cent in 2009-11.

Companies often offer "live" projects in marketing and technology to students; this year, students completed over 50 such projects from Cisco, KPMG, Grow X, Q-Equip and others.

The institute has also increased the component of internal evaluation from 30 per cent to 50 per cent with a new course this year, says Prof. K. Mamkoottam, Head and Dean. The new course has subjects like corporate social responsibility and business ethics. "MBA today has become a money-making exercise. We're trying to tell the students that the money doesn't belong to you, so use it responsibly," he says.

Manoj Kohli, CEO and Joint MD of Bharti Airtel's International Business Group, says: "It's a family institution...we were so closely knit with the faculty." Kohli, an alumnus and a member of the FMS academic council, recalls: "They would always encourage us to achieve more."

It is perhaps this thirst for more and the willingness to adapt to a changing environment that keeps the FMS flag flying high. ⊙

Reporter's Diary/Darbhanga

Enthusiasm, The Only Fuel

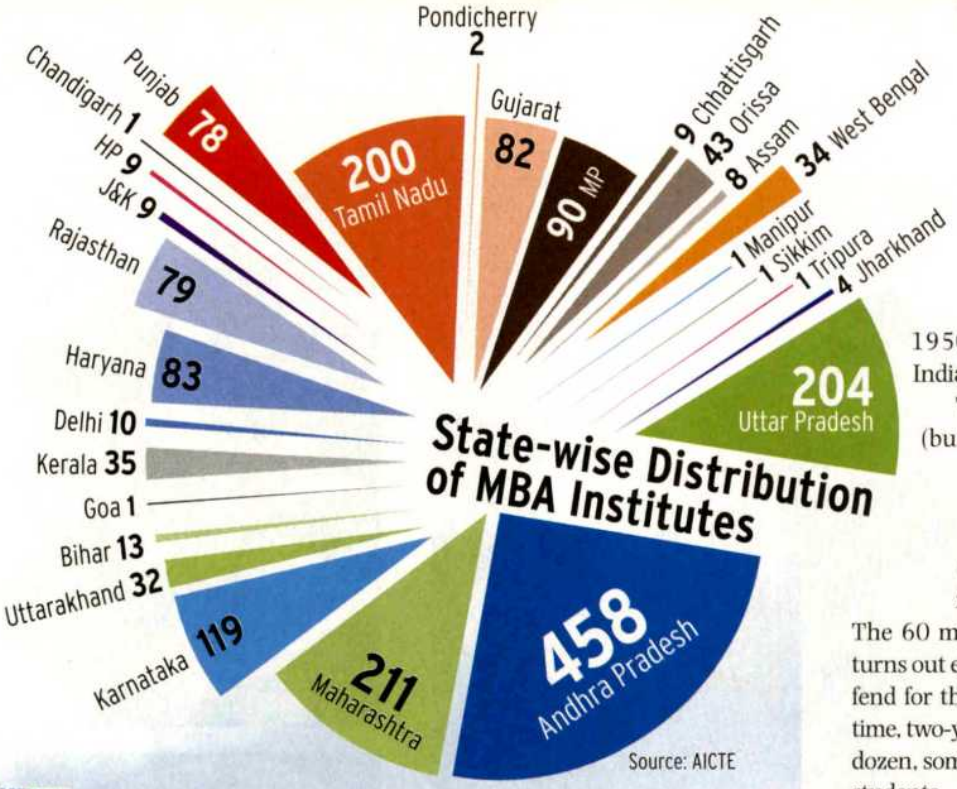
What ranking? This institute does not even have plaster on its walls. But its faculty and students sure have fire in their bellies.

BY ANAND ADHIKARI

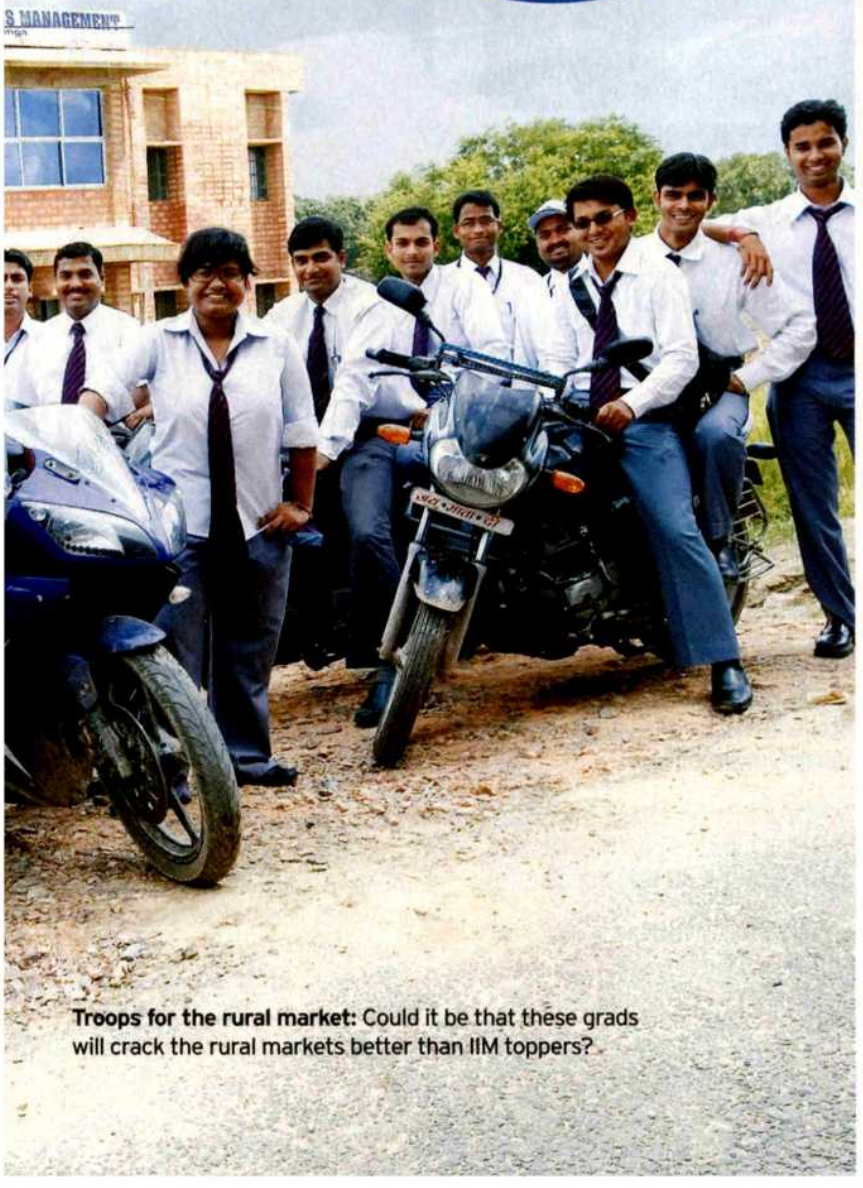
Located along National Highway 57, the building's red-brick façade gives it a distinct look, even though the side and rear walls are semi-plastered. The board proclaiming "Institute of Business Management" is the only indicator of yet another campus of dreams.

The huge pile of sand, the goat destroying the small patches of grass...it is a work in progress. But it is also a building more confident of its future than its immediate neighbours — a mall planned by film-maker Prakash Jha of *Rajneeti* fame, and an airstrip dating back to the Raja of Darbhanga's days.

The mall lies incomplete, caught in a political battle. The airstrip, once home to a private airline in the



KULDEEP



Troops for the rural market: Could it be that these grads will crack the rural markets better than IIM toppers?

PHOTOGRAPHS BY RACHIT GOSWAMI/WWW.INDIATODAYIMAGES.COM

1950s, is today used by the Indian Air Force.

The address, Dillee More (buses plying to Delhi from Darbhanga used to take a turn here), NH-57, Bela, Darbhanga, is not even on the placements radar of corporate India. The 60 management graduates it turns out each year are mostly left to fend for themselves. It offers a full-time, two-year MBA, has a staff of two dozen, some 20 classrooms and 120 students.

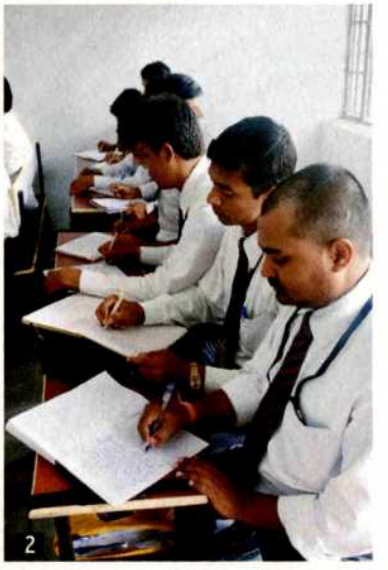
But no one is complaining. The mood is vibrant, with young boys and girls in smart gray trousers, white shirts — and neckties. Ties are mandatory and learning how to make a smart knot is as exciting for the students as brushing up their spoken English.

The nerve centre of activity is Room No. 20 on the ground floor. Hanging askew on the door is an old nameplate of the director, Prof. Ganga Kant Jha. Inside, it's a typical government office with a portrait of founder director L.K. Mishra, a former vice chancellor of Bihar University, half a dozen chairs and a big table.

"We have a major resource constraint," says Jha, 64. "We operate

G.K. Jha, Professor-cum-Director, Institute of Business Management, Darbhanga

"We operate on a shoe-string budget that does not allow us to offer all the infrastructure that a B-school needs"



Small on amenities: 1. Students using a handpump for drinking water

2. Cramped classrooms, no laptops

3. An old gong still in use

on a shoe-string budget that does not allow us to offer all the infrastructure that a B-school needs."

Constraint is an understatement: the institute survives on student fees, around Rs 80,000 per student for the two-year course. No grants from the government. The fee was increased last year from Rs 70,000. The institute is not allowed to take more than 60 students a year. Nor can Jha increase the fees any further, since most students come from very poor families.

Closer to the Nepal border than it is to capital Patna, the institute draws its strength from its affiliation to the L.N. Mithila University, Darbhanga, which is recognised by the University Grants Commission. The institute is approved by the All India Council for Technical Education or AICTE. Since it opened in 1984, it has had to shut down twice, the second time for nearly a decade, from 1998 to 2006.

Infrastructure here means fixing potholes, not building gyms or tennis courts. Last year, the institute spent Rs 5 lakh to repair potholes in the compound adjacent to the service road, which gets flooded every year since it is below the highway's level.

Jha, who retired five years ago as head and director of the L.N. Mithila University's Department of

The Common Thread

- Private sector institutes duly approved by the AICTE
- Run by politicians, educationists and corporate houses
- Fee ranges from Rs 50,000 to Rs 1 lakh for a two-year course
- No grants from the UGC or state; survives solely on students' fees
- No infrastructure like auditorium, recreation and sports facilities, canteen or a hostel
- Students come from very poor families in small towns
- No assurance of campus interviews; companies hardly consider such institutes for placements
- Faculty's focus on developing soft skills

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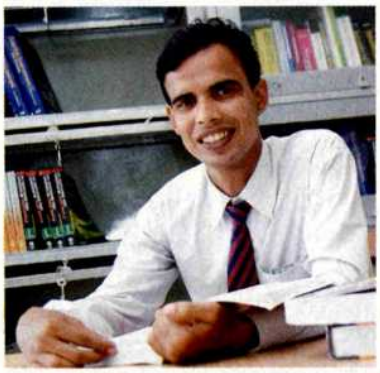

Manish Kumar, a student of 3rd semester

"More than the course material, the focus of the institute is to teach us soft skills like spoken English or wearing a tie. Simple manners make a lot of difference"

Commerce, was instrumental in reopening the management institute in 2006. "The campus was ravaged by floods and looked haunted," recalls Jha. He roped in Seema Kumar, a former colleague, as programme coordinator.

"We used our personal contacts," says Seema. The duo managed to get 36 students to enrol, after pushing the AICTE and state to allow the institute to reopen. For faculty, they brought in friends and colleagues. In the second year, the institute got 100 applications for the 60 seats.

"We have a very professional core faculty," says Jha, who also manages to get guest and visiting faculty. "Every member of the faculty is an MBA at the least," says Seema, herself an MBA with an M.Phil and Ph.D. Jagannath Mishra, a former chief minister of Bihar, is the institute's chief patron and L.K. Mishra, founder-director, now 93, is the president of the board of directors. The roll call of Jhas and Mishras is not unusual; this part of Bihar is home to highly-educated Maithili Brahmins, who go by surnames such as Jha, Mishra and Choudhury.

As Jha steps out of his office to take us around, there is a flurry of activity. Students touch his feet and seek his blessings. Most of them are from poor families in places such as Begusarai, Samastipur, Chhapra, Hajipur and even Patna. "Anybody who has a little money goes to Mumbai and Delhi for higher studies," says Jha.

Seema says the students are bright but need some polishing. She teaches soft skills like speaking English and wearing a tie. The students have science, commerce and arts background, and all have gone through the Management Aptitude Test or MAT.

Manish Kumar from Samastipur, who is in the third semester, shells out Rs 1,200 a month for lodging and Rs 700 for food and travelling. "It suits my budget," says Kumar, explaining why he chose to be here.

Director Jha does his best to ensure that girl students are not put off by the location outside town limits: there is a bus for them. Nearly half the students are girls and the share is growing.

Jha takes us up proudly to the recently-added first floor, ignoring the betel-juice stains on the walls of

Seema Kumar, Programme Coordinator-cum-Placement in charge, Institute of Business Management, Darbhanga

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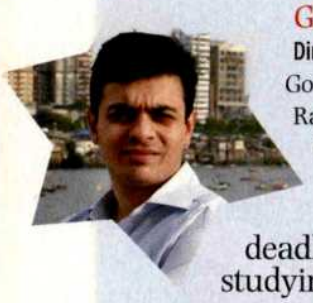
TWINKLE, TWINKLE, LITTLE STARS

While the world prefers to be dazzled by the IIMs, XLRIs and ISBs, quite a few B-schools with low or no rankings have produced stars of corporate India. So don't write them off. Here are some people who have defied the B-school pecking order to reach the top.



Gagan Banga

Director & CEO, Indiabulls Financial Services

Goa Institute of Management, 1998

Ranked 41 in BT study

What I learnt at the B-school

"Discipline and the pressure to complete assignments within deadlines is something that I learnt while studying MBA"

Ridham Desai

MD, Morgan Stanley, India

L.N. Welingkar Institute of Management Development, 1992, Ranked 29 in BT study

What I learnt at the B-school

"Welingkar provided me with a platform of insights, whether it was in financial accounting or in a slightly more advanced subject of marketing finance"

Sanjay Verma

CEO (Asia-Pacific), Cushman & Wakefield

Management Development Institute Gurgaon, 1997, Ranked 23 in BT study

What I learnt at the B-school

"During the two years at the business school, the quality of students and the group work based teaching philosophy gave me an opportunity to work with people from diverse backgrounds"

Anshuman Singh

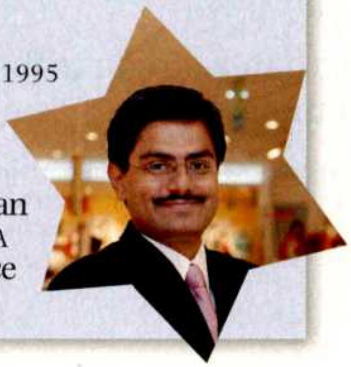
MD & CEO, Futures Supply Chain Solutions

Institute Of Management Studies, Indore, 1995

Not in the BT top 50

What I learnt at the B-school

"MBA gave a much broader perspective to my experience as an engineer. Missing out on an IIM-A brand tag was also a driving force to work harder in my career"



the stairwell. Upstairs is the computer room with a dozen machines, a library of 4,500 books, and a guest house. "We spend Rs 3 lakh a year on books," says Jha. The guest house is for visiting professors.

Placements are a big challenge. "We don't have a structured placement," admits Seema. The state-owned sugar and spinning mills in the district closed down long ago. "The big companies from the cities tend to go for big names," says Seema. Even so, she writes to prospective employers and uses personal contacts to place her students for the mandatory eight-week summer training.

"This probably is the first step," says Seema, referring to the summer placements. Royal Bank of Scotland, Procter & Gamble, India Infoline and Star Union Dai-ichi have made offers, she says, but through direct interviews rather than campus placements.

Tariq Raza, who graduated in October 2008, got a break with Royal Bank of Scotland through a direct interview in New Delhi. "It's difficult if you have an MBA degree from a small town," says Tariq, 26.

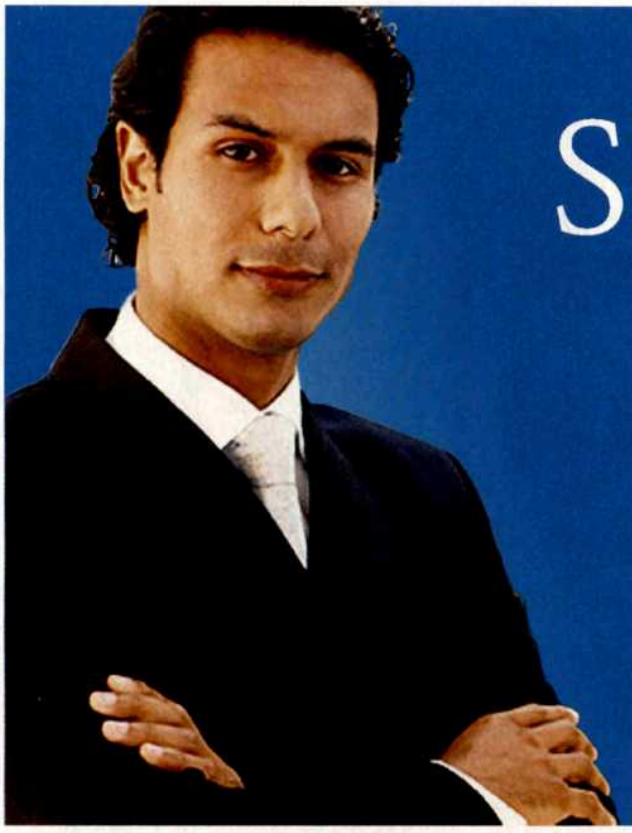
Deepak Rai, who runs an auto ancillary unit, Tuff Seals Pvt. Ltd, in Jamshedpur, vouches for students of this management school. "They are simple in their approach, but far more effective," says Rai who took two students last year as summer trainees for the first time.

"If you guide them properly, they are as good as any management graduate from big towns, "says Rai.

Jha, the director, likes to think big despite his shoe-string budget of Rs 75 lakh: Wi-Fi on the campus, a 300-seat auditorium, a well-designed canteen and even a hostel building. He has plans to start diploma courses in media science, computer applications, human resource development and bio-informatics.

"We are ambitious, but also cautious," he says. ⊙

Institutes with eyes on future



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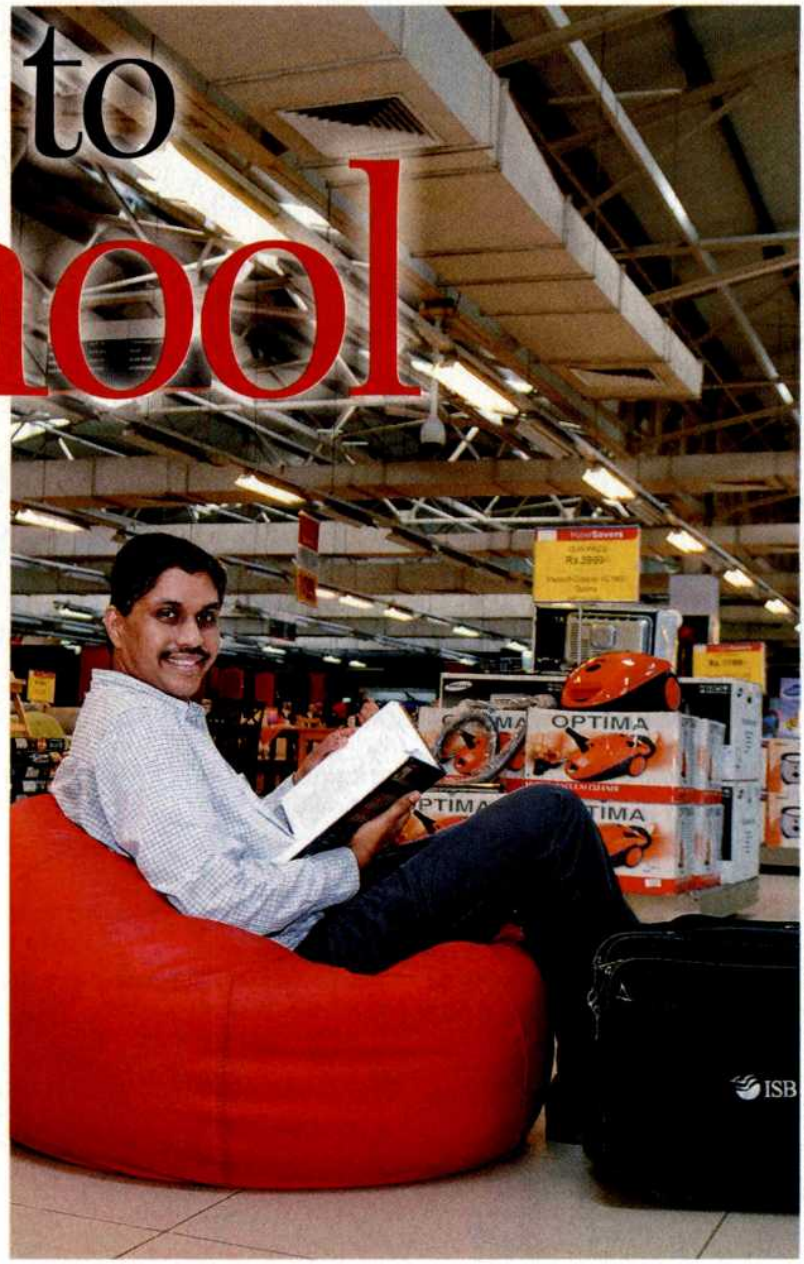
Senior professionals are heading back to campuses to turbo-charge their careers. BY RAJIV BHUVA, T.V.MAHALINGAM and K.R.BALASUBRAMANYAM



UMESH GOSWAMI/www.indiatodayimages.com

At 37, Rajiv Nair is working towards an MBA. But he is not a late starter: when he completes the Postgraduate Programme in Management for Senior Executives, or PGPMAX, from the Indian School of Business, or ISB, Hyderabad, in mid-2011, he would have earned his second MBA. Back in 1998, Nair pocketed his first MBA diploma from Mumbai's Narsee Monjee Institute of Management Studies, or NMIMS. And that MBA has served him well. Today, with a cumulative work experience of 16 years in the retailing sector, Nair is the Business Head for General Merchandise & Apparel at Hypercity, a prominent hypermarket chain. Most would describe his career as a successful one and yet Nair has chosen to go back to the world of classrooms, assignments and exams. Why?

"I feel that the world around me has changed since I did my first MBA 12 years ago. Just the business of retail has changed in the last 5-7

Rajiv Nair, Business Head, Hypercity

"The education that I got 12 years ago has little relevance today. It's important to stay updated"

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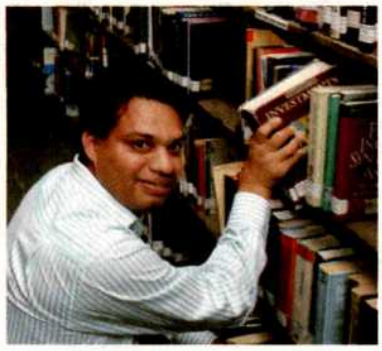

DEEPAK G. PAWAR

Yogesh Kumar Singh, Computer Science Engineer

"Not a single day has any of us regretted having forgone a year's salary by joining this course or paying the course fee"

years in India," explains Nair. "The education that I got 12 years ago has little relevance today. It's important to stay updated," he adds. But how does Nair explain shelling out Rs 27.5 lakh as course fee for the Executive MBA programme at ISB — the costliest such course in the country? Couldn't he have used that money better by investing in a one bedroom-hall-kitchen flat in a Mumbai suburb like Thane, where real estate prices are in fifth gear?

"You see, that's the unfortunate part," sighs Nair. "When I speak to colleagues or friends about the course, they equate it with material assets. When you have 20 years left in your career, if you don't invest in yourself as an asset, you don't stand a chance," he adds.

One of his batchmates at the programme, who heads the national practice for a large multinational in financial services, agrees with Nair. "It's a long term investment... 'Will I make Rs 2 crore in the next two years?' may not be the right question to ask," he says, on the condition of anonymity. "In my case, I report to the CEO directly. My next logical step-up is to become a Chief Marketing Officer or Chief Distribution Officer. But to get there, I need a more rounded perspective of business and the course will help in that."

That's the idea behind the PGPMAX of ISB, whose inaugural batch of 60 students started attending classes in June 2010. "In every organisation, there are functional leaders. But they lack the firm, wide, integrated perspective needed by business leaders. The course will help them bridge that gap," says Deepak Chandra, Deputy Dean of ISB, who conceptualised and launched the course, which requires participants to be on campus for a week of classroom learning every sixth week. "We were hoping to have average class experience of 14-15 years but the first batch's work experience has worked out to an average of 18 years, thanks to the interest shown by some senior professionals," adds Chandra. The oldest student in that class was 55 (see *The ISB Batch Profile*). PGPMAX differs from the more common PGPX, or Postgraduate Programme in Management for Executives, in that it attracts much more experienced professionals. A PGPX can be done by executives with 3-5 years of experience.

The ISB Batch Profile

55%
of ISB's inaugural PGPMAX batch of 60 is self-funded

55
is the age of the oldest member of the batch

38%
of the batch is between the age of 40 and 45

27%
of the batch has over 20 years of work experience

The ISB is just the latest entrant into the Executive MBA programme space in India. Such programmes have been around for over half a decade now in a handful of business schools, in some form or the other. But a growing interest from senior executives, their willingness to pay out of their own pockets and in, some ways, the recession and the resultant eagerness to re-skill, have led more business schools to launch such programmes in the last few years. Other than ISB, NMIMS and IIM Bangalore have also launched Executive MBAs in the last two years.

"When the times were good, there was no looking back," says Rajan Saxena, Vice Chancellor and Distinguished Professor of Marketing at NMIMS. During and after the slowdown, Saxena has seen more Executive MBA enthusiasts from consulting, financial services and information technology. Executives used the slowdown as an opportunity to

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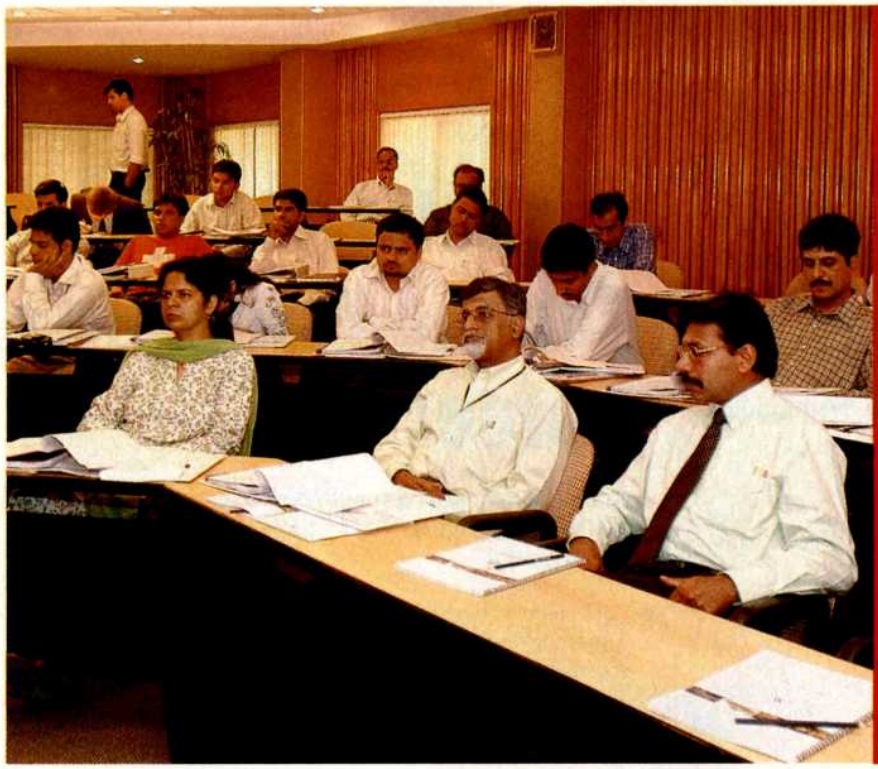
SOME EXECUTIVE MBA COURSES IN INDIA



ISB, HYDERABAD
PROGRAMME: One year, part-time
FEE: Rs 27.5 lakh
STUDENT PROFILE: At least 10 years of work experience

JBIMS, MUMBAI
PROGRAMME: Three years, part-time
FEE: Rs. 1.6 lakh
STUDENT PROFILE: Graduates with at least two years of experience

IIM BANGALORE
PROGRAMME: One year, full-time
FEE: Rs 18.75 lakh
STUDENT PROFILE: At least seven years of experience

SPJIMR, MUMBAI
PROGRAMME: 21 months, involving 60 full days of classes
FEE: Rs 4 lakh
STUDENT PROFILE: Graduates with at least five years of experience

Age no bar: Now, executives are studying for an MBA degree

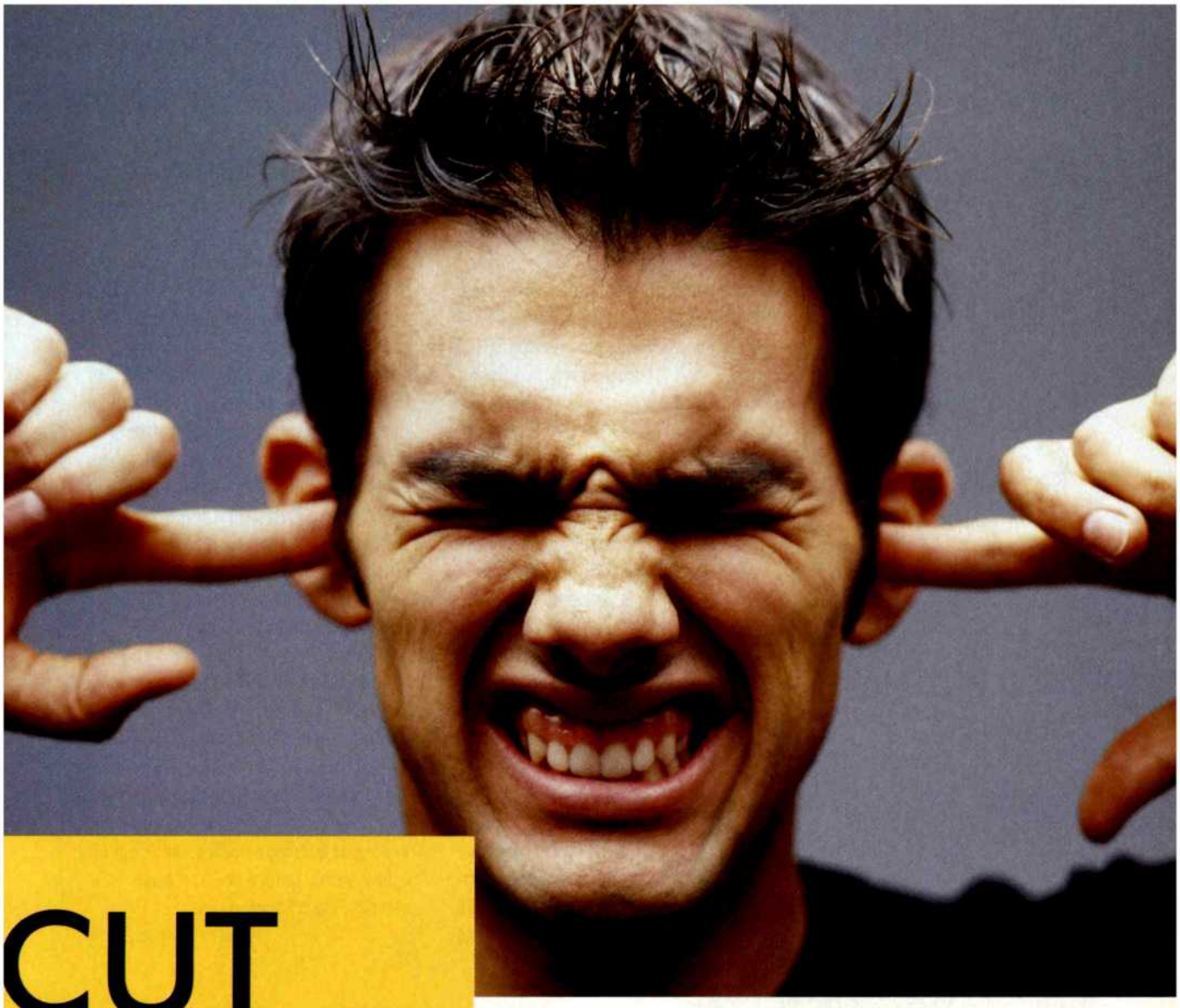
invest in their own career and get ready when the economy revives, explains Saxena. In most of these programmes, a majority of the students fund their own education.

Take the case of 35-year-old Yogesh Kumar Singh. A Computer Science Engineer from National Institute of Technology, Allahabad, Singh joined IIM-B's Executive MBA course after 12 years of working in the research & development, or R&D, departments of Sasken, Motorola, Synopsys and Yahoo! "Not a single day has any of us regretted having forgone a year's salary by joining this course or paying the course fee," says Singh, who has paid the Rs 18.75 lakh fee for the one year, full-time residential programme out of his own pocket. Most students in IIM-B's Executive MBA programme are self-funded. At ISB, more than half the batch is shelling out their course fee personally. And they have few qualms about doing so because the faster track they get on to after the course will ensure that they recover this money in 3-5 years. Incidentally, IIM-B's course is among the few full-time Executive MBA courses. Most of the other programmes have a few weeks of classroom education spread across the duration of the course.

"Most of the students who have joined this programme have international work experience and are from the levels of middle management like general manager or below," says Trilochan Sastry, Dean (Academic) at IIM-B. ISB's class includes some CXOs from smaller organisations and vice presidents and general managers from larger companies.

What's encouraging — at least from the IIM-B and ISB point of view — is that most candidates prefer an Executive MBA in an Indian institute rather than going abroad for one. "One has to factor in the opportunity cost of moving abroad and possibly putting a fast-track career on hold," says an ISB student. Economics also is a clincher. Even the most expensive Executive MBA in India costs less than one in Wharton or Harvard. ISB's PGPMAX costs about $59,000 (Rs 27.5 lakh), while most American Executive MBAs are in the region of $60,000-110,000 (Rs 28-50 lakh).

One key aspect that distinguishes the Executive MBA course from a plain-vanilla one is the profile and demographic of students. S.K. Palekar, Chairperson of Executive Education and Professor of Marketing at Mumbai-based S.P. Jain Institute of Management and Research (SPJIMR), says that mainstream MBA programmes are aimed at a narrow age group of 20-25. An Executive MBA, on the other hand, has got a much wider scope given that it addresses the 30-50 age group. "The fellow students are an



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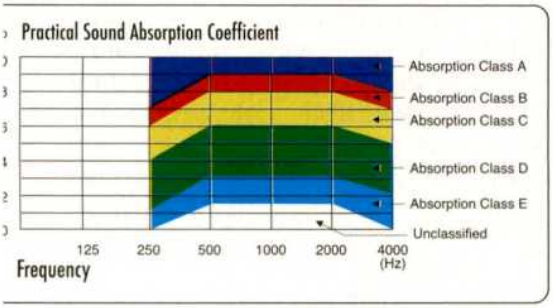

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India Ahoy, But Campuses Can Wait

India is in the thick of the action as far as foreign universities are concerned. Yale University has many programmes of faculty and student exchanges and research collaborations with India. "We will continue those activities with greater intensity and wider scope in the future," says George Joseph, Assistant Secretary of the University for International Affairs, Asia.

The Yale School of Forestry and Environmental Studies has faculty and student exchanges with The Energy and Resources Institute (TERI) in New Delhi.

Yale University has also established many leadership education programmes, including the India-Yale Parliamentary Leadership Program, training programme for the Indian Forest Service, the Yale CEO Summit, the US-India Energy Partnership Summit, among others. Yet, Yale has no plans to establish a campus or to offer degree programmes in India. "Instead, we will continue to focus on establishing partnerships and collaborations between Yale and Indian institutions that advance the teaching and research activities of Yale's faculty and students," says Joseph.

The Richard Ivey School of Business of the University of Western Ontario in Canada has recently launched partnership with Indian School of Business, Hyderabad, and IIM Bangalore for developing India-specific case material for use in business education globally. "Companies abroad must know about corporates in India," says Ariff Kachra, Director of India Development at the school.

Richard Ivey also has plans to open its India office within six months. Its India strategy is two-pronged. It wants to be a leading publisher of India-based case studies and will tap the executive education market with its International Executive Programme. "We are currently looking at opening an office, but it will be a few years before we are open to a campus," says Kachra.

SAUMYA BHATTACHARYA

"Companies abroad must know about corporates in India"

Ariff Kachra, Director of India Development at Richard Ivey School of Business

additional source of learning, thanks to their diverse industry experience," Palekar adds. And that's one area where institutes aim for maximum diversity and seniority.

It's early days yet, but the executives appear to be getting adequate bang for their buck. "Almost 70 per cent of the candidates who have passed have got promoted faster," says Palekar, who points out that 70 per cent of every batch at SPJIMR is filled by candidates sponsored by partner companies like Tata Chemicals, Larsen & Toubro and Mahindra & Mahindra. Corporates themselves see the Executive MBA programmes as a means to populate their leadership pipeline and retain talent. L&T is amongst the largest employers of engineers in the country, many of whom find the need to pursue an MBA. "If we don't give them the opportunity, they will leave," says Mohan Madiman, Vice President of Corporate HR at L&T.

Balkrishna Parab, a faculty member at Mumbai's Jamnalal Bajaj Institute of Management Studies, or JBIMS, for the Executive MBA programme, narrates an interesting incident. Two years back, Parab quizzed a senior executive about the value he hoped to draw from the programme. "He laughed and told me he was here to get a driver's licence," recalls Parab. What he meant: a licence to help him navigate to the next level of his career. ⊙

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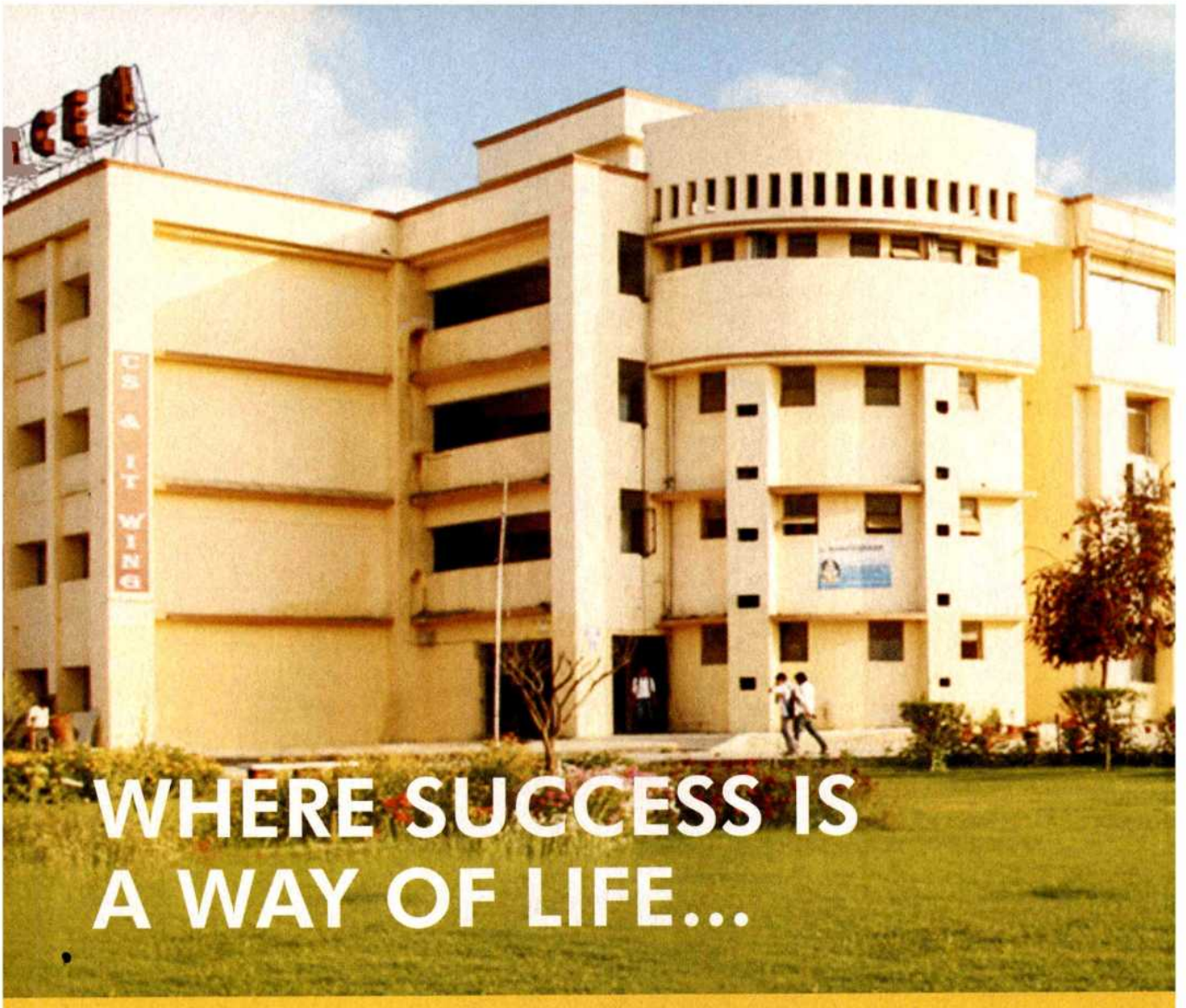

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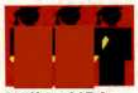
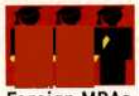
2
Cost accountants


3
Indian MBAs


3
Foreign MBAs

2
Lawyers

1
Doctorates

3
Science Graduates

4
CEOs without MBAs who attended short management programmes

Three MBAs also have engineering degrees as their basic qualification - Lalit Jalan, Nitin Paranjpe and Arup Roy Chowdhury. Chanda Kochhar is a cost accountant as well as an MBA and Satish Sheth is a chartered accountant as well as a lawyer

Most of the CEOs of India's top 30 companies that constitute the benchmark index on the Bombay Stock Exchange do not boast of MBA degrees.

We don't need no B-school education

BY SUMAN LAYAK

June, 2009: An Indian woman with an MBA from a US university is interviewed by the CEO of an Indian telecommunications company on a muggy Friday afternoon at its Mumbai headquarters. Realising that she has no telecom experience whatsoever, the CEO asks her to work on a report on the sector over the weekend and email it to him on Monday. The lady does exactly that — and she does it so well that she gets the job. "The kind of research and analysis she did over a weekend was amazing. Only an MBA could do that," says the CEO — who never went to B-school himself.

Every head honcho wants an MBA — to hire one, that is — even those heads of corporations who never

came close to a B-school classroom. Indeed, the chief executives of many of India's most valuable companies didn't need that degree that's so coveted today to step into the corner room. Over two-thirds of the CEOs of the 30 companies that make up the benchmark index on the Bombay Stock Exchange, the Sensex, do not have an MBA, although a few did attend short management programmes at prestigious universities like Harvard and Wharton.

The non-MBAs boast a delightful mélange of qualifications. There are a lot of engineers, a sprinkling of doctorates, chartered accountants, cost accountants — and even an MA in English among these 30. There are only three Indian management graduates and a handful who have degrees from foreign universities. Another surprise — none of the Sensex companies is led by a graduate from any of the IIMs. Two of the Indian management grads are from Jamnalal Bajaj Institute of Management Studies and one has a PG Diploma from IIT Delhi.

Degrees Don't Matter

"Five years after starting your career, your qualifications do not matter, and to be CEO you do not need any educational qualifications," says Santrupt Misra, Head of HR at the Aditya Birla Group, who is also the CEO of the carbon black business of the group. Hindalco, the group company that is a part of the Sensex, is headed by Debu Bhattacharya, a chemical engineer from IIT Kharagpur. Misra himself is a double masters degree holder with a double doctorate. Another top CEO without an MBA is A.M. Naik, the feisty leader of engineering and construction giant, Larsen & Toubro Ltd. Naik is a mechanical engineer from the Birla Vishvakarma Mahavidyalaya in Anand in Gujarat. "The chief qualification of a CEO is leadership — his ability to anticipate changes and ensure that his organisation stays ahead of the curve," says Naik (see interview above).

A.M.NAIK

CMD, Larsen & Toubro, speaks about the importance of being an engineer first – and an MBA later. Excerpts from an interview to *BT*.

"An MBA Is Not a Must"

On the importance of an MBA degree if one has to rise to the CEO position.

An MBA is an additional qualification. It is not a must. The chief qualification of a CEO is leadership — his ability to anticipate changes and ensure that his organisation stays ahead of the curve. It is his ability to inspire and lead from the front that makes him a true leader.

On MBAs becoming more relevant today than they were 20 years ago.

Yes, 20 years ago, most CEOs were not MBAs. However, having said that, it is important to note that it is the mettle and corporate acumen of the person that helps him become a CEO — not just a degree.

On whether an engineering company like L&T needs MBAs as leaders.

L&T has had leaders who have not been engineers. But being an engineer certainly helps. After all our DNA is engineering.

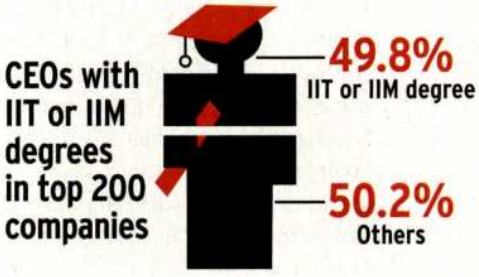
O.P. Bhatt, Chairman of India's largest bank, the State Bank of India, has a Masters in English; and ONGC Chairman R.S. Sharma is a cost accountant — a fellow member of the Institute of Costs and Work Accountants of India, or ICWAI. Deepak Parekh, Non-Executive Chairman of the Housing Development Finance Corporation, his deputy Keki Mistry (the current CEO) and Aditya Puri, the head of HDFC Bank, are all chartered accountants. As is Satish Sheth, Group Managing Director of Reliance Communications, who is also a lawyer, to boot.

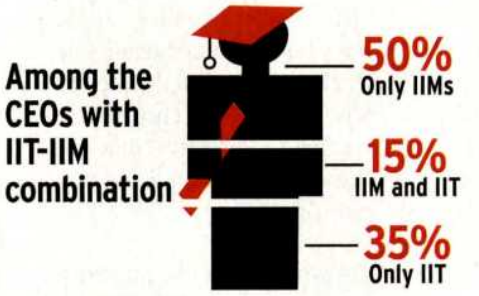
The engineers without an MBA include Azim Premji, who completed his degree in 1999 at Stanford University Engineering School after abandoning it in the 60s as he had to take charge of the family business of oil trading. H.M. Nerurkar, N. Chandrasekaran and Carl-Peter Forster, heads of Tata Steel, Tata Consultancy Services and Tata

Motors, respectively, are also engineers. Mukesh Ambani, too, is a chemical engineer who pursued an MBA at Stanford but did not complete it. ACC chief Kuldip Kaura and Jaiprakash Associates CMD Manoj Gaur are both engineers from BITS, Pilani. Y.K. Hamied, Chairman of pharma major Cipla, is a doctorate in organic chemistry. K.P. Singh who heads DLF is a graduate in science.

The foreign MBA holders are M&M's Anand Mahindra (Harvard Business School), Lalit Jalan of Reliance Infrastructure (Wharton School) and Naveen Jindal of Jindal Steel & Power (Texas University). There are other promoters who went to foreign universities but for short-term leadership programmes. Bharti Enterprises' Sunil Mittal, a graduate, underwent the Owner/President Program at the Harvard Business School as did Navin Agarwal, Executive Vice Chairman of Sterlite Industries and brother of founder Anil Agarwal. Anil Ambani, Chairman of Reliance Communications and various other companies that constitute the Reliance-Anil Dhirubhai Ambani Group, is an MBA from Wharton. And Ratan Tata, Chairman of the 114-company Tata Group is an architect from Cornell who also attended a short programme at Harvard.

Look beyond family-run India Inc., at a broader basket of listed corporations, and suddenly you find the number of CEOs who are management graduates — especially from the IIMs — increasing sharply. EMA Partners, a global CEO search firm, did a study in 2009 which showed that among the top 200 companies in India, close to half of their CEOs were from either an IIT or IIM or both; and roughly 32.5 per cent of the 200 companies had a CEO who was an IIM graduate. So although K. Sudarshan, the India Managing Partner of EMA Partners, says "track record is most important", he does agree that an MBA "can be a door-opener". Agrees Misra of the Aditya Birla Group, "The degree becomes a pedigree check when one is selecting a CEO, but an excellent track record is often more important."





Source: EMA Partners

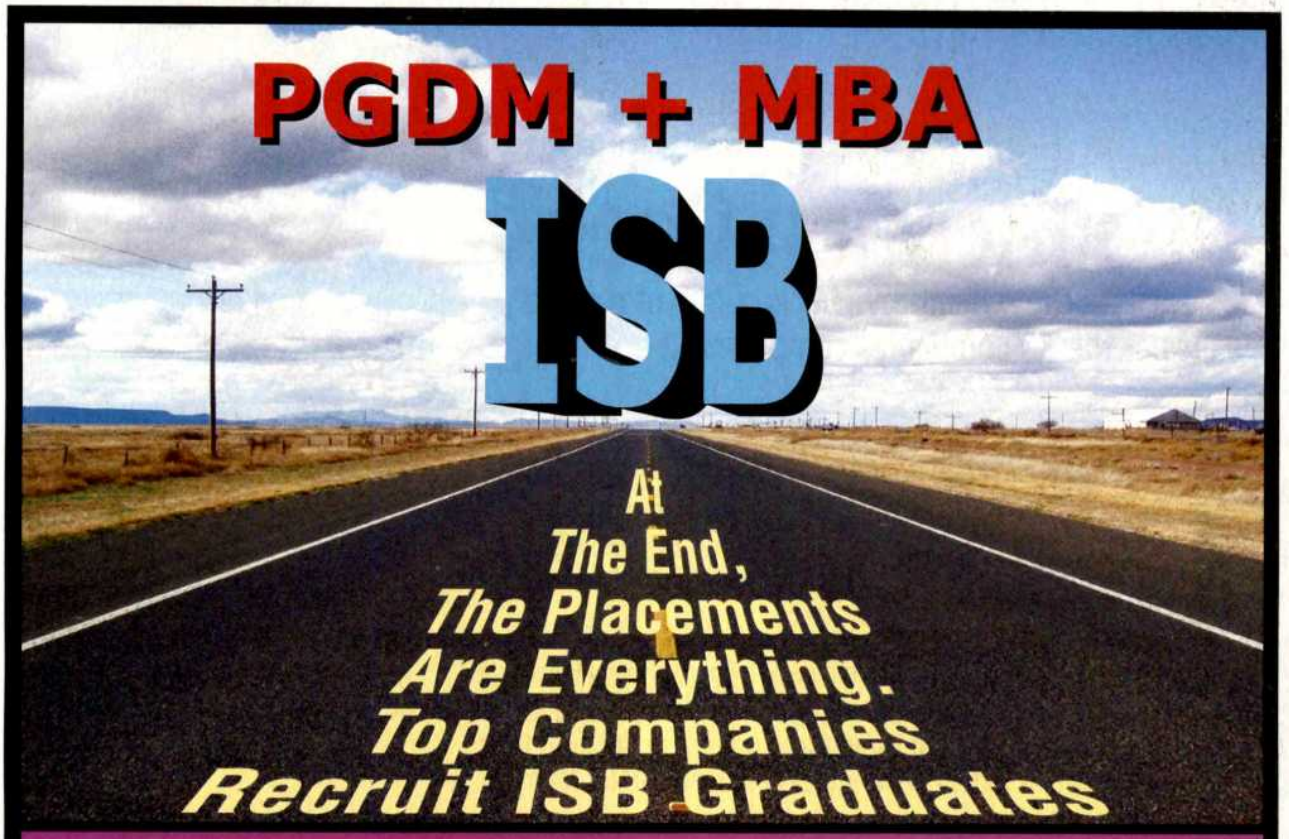
Sudarshan adds that the craze for an IIM degree started in the late 1980s, but today many more options are considered by a student; in fact, today the MBA halo has lost some of its lustre, he reckons. "The national law schools have opened a new and rewarding career option for students," he adds. Thiruvengadam P., Leader, Human Capital Advisory, Deloitte India, says, "It is observed that corporate leaders come from various disciplines, backgrounds and formal qualifications. What matters ultimately is the right kind of experience and cashing in on the available opportunities at the right moment."

Thiruvengadam identifies qualities such as a willingness to say no, an analytical bent of mind and above average communication skills as key to reach the corner office. Adds Misra: "As the world of business gets complex, no single discipline is geared to understand all of it. A CEO needs to know how consumers behave. Therefore, psychology and sociology need to be understood. Then there are technical applications, finance applications, corporate governance, law, human behaviour and international politics. The MBA as a subject is multiple strands of knowledge and now even sustainability is taught." He says that while many of these strands are covered in an MBA, there are many surrogates that a non-MBA CEO aspirant can go for. The AV Birla Group often sends executives for management education programmes like the advanced management programme of the Harvard Business School.

It's a course that Y.C. Deveshwar attended after completing his engineering at IIT Delhi. Sandip Basu, Wholetime Director and CEO of Loop Mobile, says: "Being a CEO is not about an MBA but about leadership. Either you have it within you or you learn it.

Santrupt Misra, Head, HR, Aditya Birla Group

"Five years after starting your career, your qualifications do not matter, and to be CEO you do not need any educational qualifications"



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AN INITIATIVE OF INDISMART GROUP WORLDWIDE

Qualification Check

A peek into the educational background of the top execs at the 30 companies comprising the Sensex.

Kuldip Kaura, CEO, ACC
Qualification: BE in Mechanical Engineering from BITS Pilani. Executive education at London Business School and Swedish Institute of Management, Stockholm

B. Prasada Rao, Chairman & MD, Bharat Heavy Electricals
Qualifications: Mechanical Engineering from Jawaharlal Nehru Technological University, Kakinada, AP, and Post Graduate in Industrial Engineering from NITIE, Mumbai

Sunil Mittal, Executive Chairman, Bharti Airtel
Qualification: Graduate from Punjab University in Economics and Political Science. Owner/President Management Program at Harvard

Y.K. Hamied, Chairman & Managing Director, Cipla
Qualification: PhD in Organic Chemistry, Christ's College, Cambridge

K.P. Singh, Chairman and CEO, DLF
Qualification: BSc, Meerut College. Pursued aeronautical engineering in the UK before being selected for the Indian Army

Naveen Jindal, Executive Vice Chairman, Jindal Steel & Power Ltd.
Qualification: MBA, Texas University

Keki Mistry, Vice Chairman and CEO, HDFC
Qualification: Chartered Accountant

Aditya Puri, MD, HDFC
Qualification: Chartered Accountant. An associate member of ICAI

Pawan Munjal,
MD & CEO, Hero Honda
BE, Mechanical Engineering

Debu Bhattacharya, MD, Hindalco Industries
Qualification: BTech, Chemical Engineering, IIT Kharagpur

Nitin Paranjpe,
MD and CEO, HUL
Qualification: BE, Mechanical Engineering; MBA, JBIMS

Chanda Kochhar,
MD and CEO, ICICI Bank
Qualification: BA, MBA, JBIMS and Cost Accountant

S. Gopalakrishnan, MD and CEO, Infosys Technologies
Qualification: MSc (Physics), MTech (Computers), IIT Madras

Y.C. Deveshwar,
Executive Chairman, ITC
Qualification: BTech, IIT Delhi; Harvard management course

Manoj Gaur,
Executive Chairman,
Jaiprakash Associates
Qualification: BE, BITS Pilani

A.M. Naik, CMD, L&T
Qualification: BE,
Birla Vishvakarma
Mahavidyalaya, Anand

Anand Mahindra, Vice
Chairman & MD, M&M
Qualification: BA, Harvard;
MBA, Harvard Business School

Shinzo Nakanishi, MD &
CEO, Maruti Suzuki India
Qualification: Law graduate,
Doshisha University, Japan

Arup Roy Chowdhury,
Chairman & MD, NTPC
Qualification: BE, BITS Pilani,
PGDM, IIT Delhi

R.S. Sharma,
Chairman & MD, ONGC
Qualification: Cost Accountant,
Fellow Member of ICWAI

Satish Seth, Group MD,
Reliance Communications
Qualification: Chartered
Accountant, LLB

Mukesh Ambani,
Chairman & MD, RIL
Qualification: BE,
Chemical Engineering.
Pursued MBA at
Stanford

Lalit Jalan, Director & CEO, Reliance Infrastructure
Qualification: BTech, Electrical Engineering, IIT Kanpur,
MBA, Wharton School

O.P. Bhatt, Chairman, State Bank of India
Qualification: Masters
in English Literature

Navin Agarwal, Executive Vice Chairman,
Sterlite India
Qualification: BCom, Owner/ President Program at
Harvard Business School

N. Chandrasekaran, CEO & MD, TCS
Qualification: Masters in Computer Applications,
RE College, Trichy. B.Sc in Applied Science,
Coimbatore Institute of Technology

Carl-Peter Forster,
MD & Group CEO, Tata Motors
Qualification: Diplomas in Aeronautical Engineering
and Economics

Prasad Menon, MD, Tata Power Company
Qualification: BTech, Chemical Engineering,
IIT Kharagpur

H.M. Nerurkar, Managing Director, Tata Steel
Qualification: BTech, Metallurgy, College of
Engineering, Pune

Azim Premji, CEO, Wipro
Qualification: Electrical engineering
degree from Stanford, abandoned in 1966
but completed in 1999

Breaking the Mould

Specialised MBAs are in vogue, but only the top-flight institutes offer quality and campus placements. BY SHAMNI PANDE

The green brigade: Students at TERI University

MONEY SHARMA/www.indiatodayimages.com

Two years ago, after graduating with honours in botany from St. Xavier's College, Mumbai, Apurva Mathur was clear about pursuing a vocation in environmental protection. While scouting for options abroad, she spotted an advertisement of TERI University offering an MBA in business sustainability. She found a "perfect fit" for her ambitions. "I realised that I could combine my concern for the environment with a career in business management," she says.

Apurva is not an isolated case. Niche MBA programmes are very much in vogue now and extend beyond the basic grounding that students receive in core areas like business strategy, quantitative analysis, marketing and finance. With increasing demand for such courses, both from MBA aspirants and industry, B-schools across the country are offering niche courses

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including everything from green manufacturing, carbon finance and facility management to pharmaceutical, retail and sports management.

Consider the Management Development Institute or MDI Gurgaon. It offers a programme in energy management, including compulsory credit courses in subjects like power trading, distribution and management. "We started this programme at the behest of the government and signed a three-year MOU with the Ministry of Power and USAID in 2005," says Atmanand, Dean and Professor of Economics and Energy Management. The USAID or US Agency for International Development funds a host of energy programmes. MDI began by offering 50 sponsored seats to power and infrastructure companies. Now, it has started to offer self-sponsored seats as well.

"The response has been overwhelming in the way the industry has rushed to support the initiative," says Atmanand. Companies such as Reliance Infrastructure, Reliance Power, Suzlon Energy, GMR and Infosys are not just recruiting students, but also come to campuses to conduct programmes. "In fact, we had a unique situation when an NTPC employee actually resigned from the company and opted for the self-sponsored course once he was selected," he says. Enthused by the response from the industry, the institute is now offering a course on smart grids as well and is now looking at having a student exchange programme with HEC Montreal, one of the top global energy management institutes.

Very often, special courses are grafted on to the regular management programme. "Our MBA has an added dimension of sustainability built into each course. As a result, our students gets a regular MBA curriculum with the advantage of being exposed to issues related to business sustainability," says Group Captain (retd.) Rajiv Seth, Registrar, TERI University. Or take the premier institutes IIM Ahmedabad and IIM Lucknow, which offer students electives in environment management. "Specialisations in programmes certainly do help prepare candidates for the requirements of industries such as retail, for instance, as this is an area that has specific needs and talent needs grooming," agrees Mukul Rastogi, VP, HR, ITC. Most recruiters, though, prefer students from the frontline institutes.

Placements can often be as good as those at the normal MBA programmes. But HR heads are quick to point out that, for the top positions, they look at B-schools with a pedigree. So, a college like SIES College of Management that offers a well recognised programme on Pharmaceutical Management and Biotechnology, reported 100 per cent placements last year with average salaries of Rs 4.5 lakh and the highest going up to Rs 6 lakh. Placements are also determined by the sector. Typically, pharmaceutical companies tend to pay less, while energy companies are known to make better offers. But that is no reflection on the reputation of the management school itself, say observers. MDI Energy Management B-school graduates — who are typically people with the required five years of work experience — got average offers of Rs 12 lakh, with the highest going over Rs 35 lakh in 2009.

But most second-rung institutes struggle to get recruiters on campus. "There is a concern about how many of the new players are able to attract quality faculty and students, and design programmes that can offer real value," says Somnath De, Chief Engineer, Electrical, ONGC. Often the new institutes cropping up in Tier II and III towns are saddled with students who have MBAs without even the basic "employability" benchmarks required by the industry, say HR heads.

So, the rules of the game remain the same for niche MBA aspirants: only the best colleges ensure quality education and good placements. ⊙

The Specialists

A sample of tailor-made courses

B-school	Specialisations/ Electives Offered
SPJIMR, Mumbai	The Family Managed Business (FMB)
MDI Gurgaon	Executive PGDBM in Energy Management
XIM Bhubaneshwar	Post Graduate Diploma in Rural Management (PGDRM)
NMIMS, Mumbai	MBA Banking, MBA Actuarial Science, MBA Pharmaceutical Management
Welingkar Institute of Development & Research, Mumbai	PGDM E-Biz, PGDM Business Design

What's on Offer...

- Niche courses by several institutes including the top B-schools
- Often specialised courses are electives, or optional subjects

But...

- Only the best schools have quality faculty and infrastructure
- HR heads prefer to recruit from the top B-schools

Source: MBAUniverse

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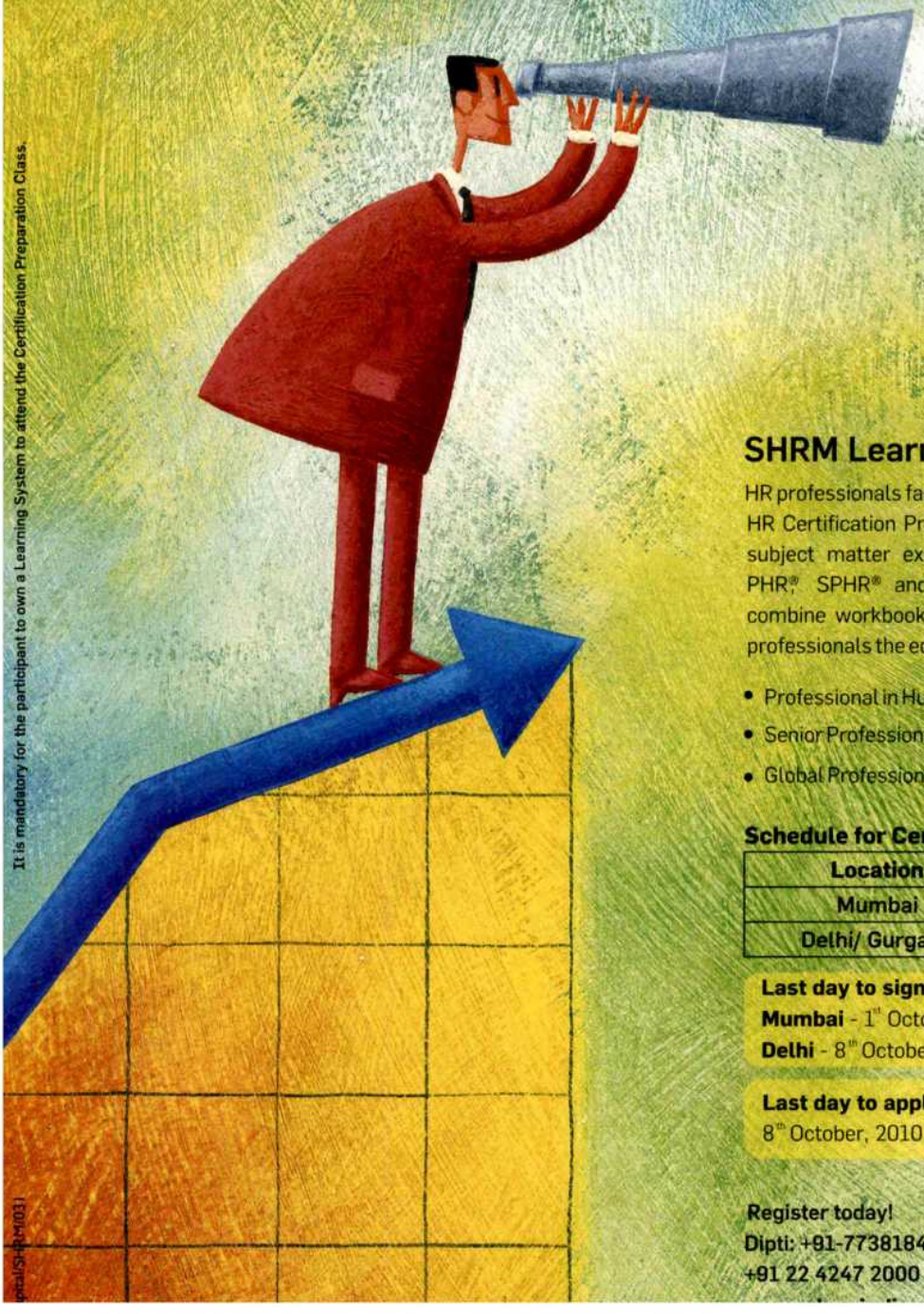

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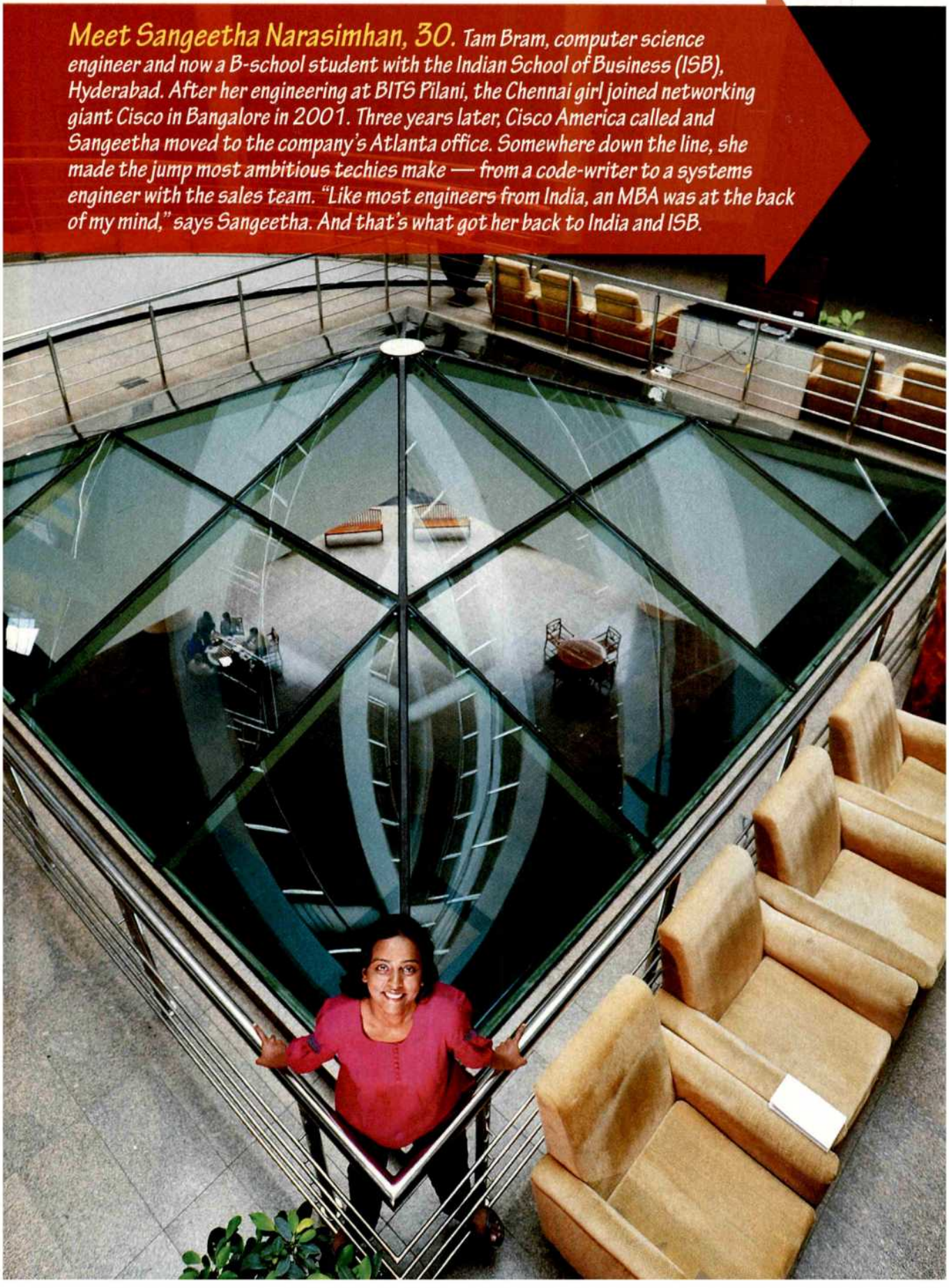
Meet Sangeetha Narasimhan, 30. Tam Bram, computer science engineer and now a B-school student with the Indian School of Business (ISB), Hyderabad. After her engineering at BITS Pilani, the Chennai girl joined networking giant Cisco in Bangalore in 2001. Three years later, Cisco America called and Sangeetha moved to the company's Atlanta office. Somewhere down the line, she made the jump most ambitious techies make — from a code-writer to a systems engineer with the sales team. "Like most engineers from India, an MBA was at the back of my mind," says Sangeetha. And that's what got her back to India and ISB.

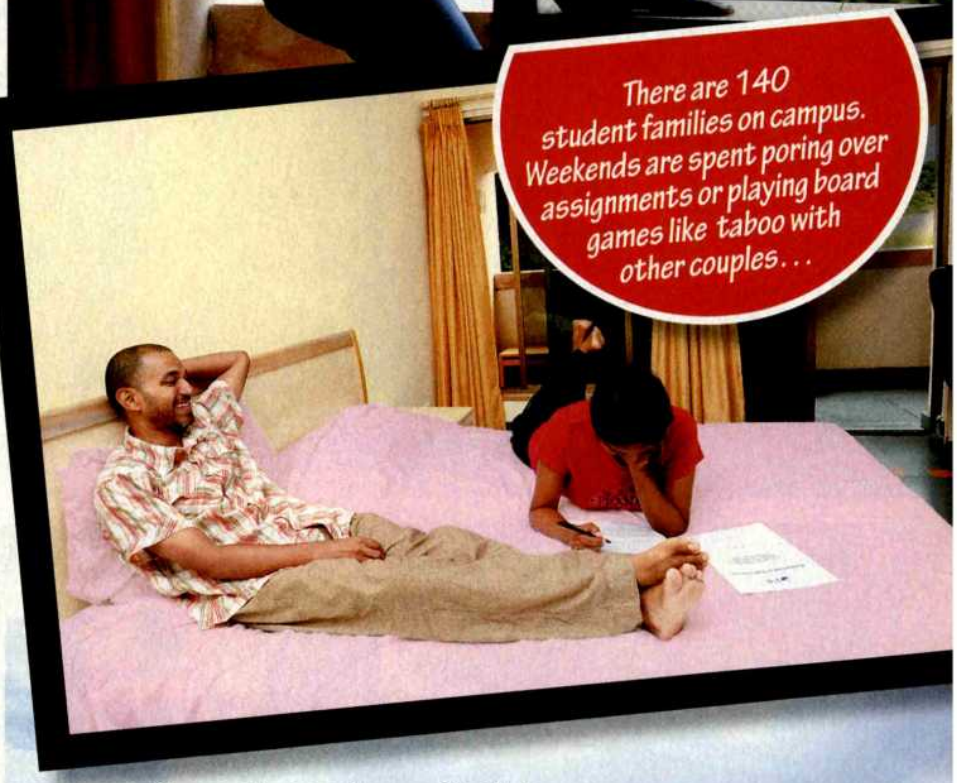


A day in the life of...

So what's life at B-school like? There's the predictable part: baby-faced professors, balding students, assignments, campus lingo and, of course, classrooms. *Business Today* spent a couple of days at the campus of the Indian School of Business at Hyderabad and sampled a slice of the predictable and the unusual.

BY VIVAN MEHRA and T.V.MAHALINGAM

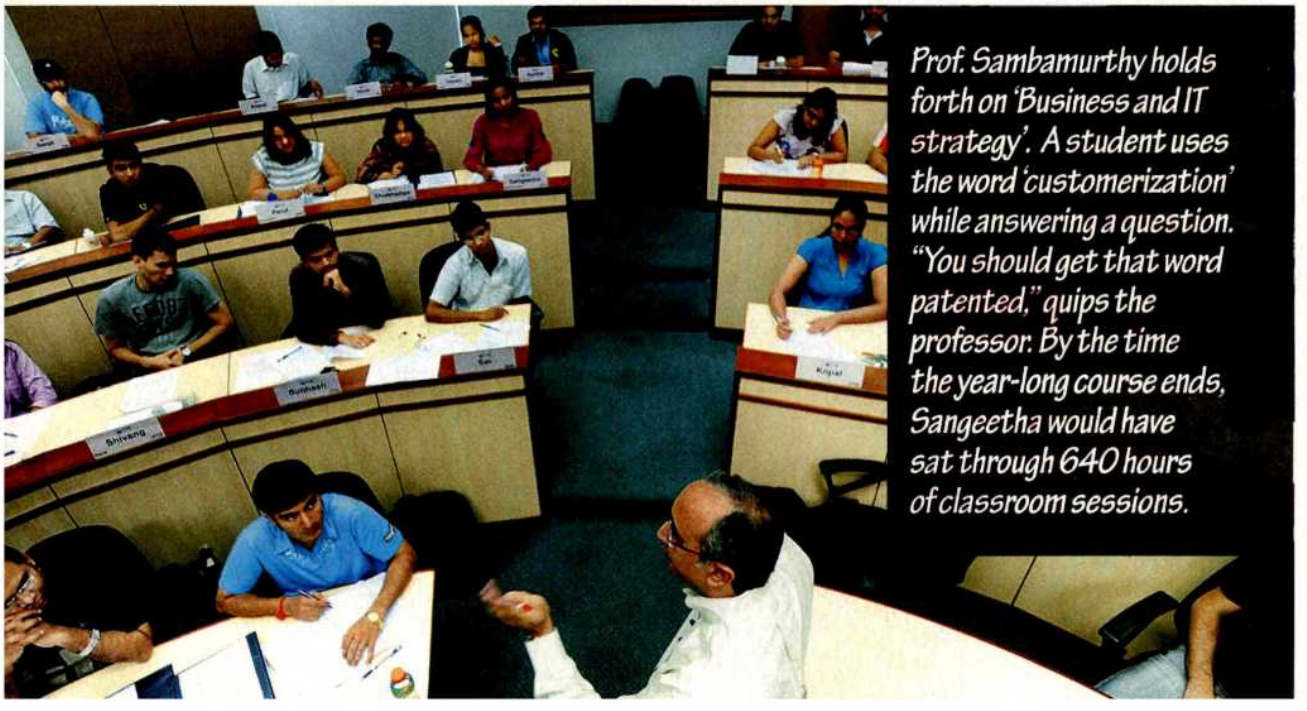
Sangeetha lives with her husband, Balaji Rengarajan, in a studio apartment at the ISB campus. Sangeetha's day starts at seven a.m. Her classes begin after noon but mandatory 'pre-reads' (B-school lingo for home-work) take up most of her morn-ing. ISB prefers students with work experience. Many of them, like Sangeetha, are married.



There are 140 student families on campus. Weekends are spent poring over assignments or playing board games like taboo with other couples...

Sangeetha is no jogger. That's her in a tearing hurry to get to class.

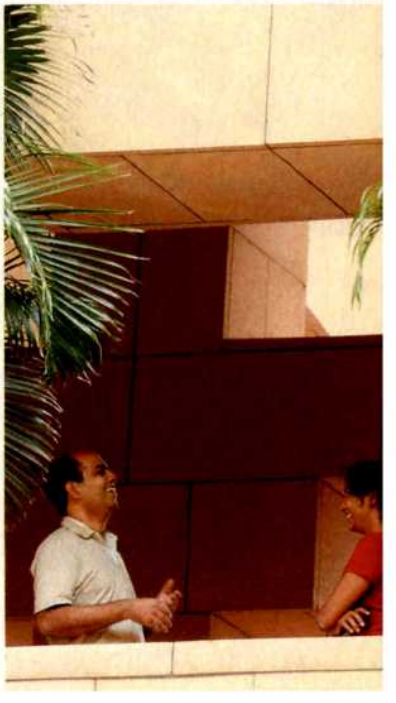
It's been half a year since Sangeetha moved to Hyderabad. But assignments, seminars and classroom sessions have left her with little time to explore the sights and sounds of Hyderabad. She is yet to marvel at the Charminar or the Golconda Fort.



Prof. Sambamurthy holds forth on 'Business and IT strategy'. A student uses the word 'customerization' while answering a question. "You should get that word patented," quips the professor. By the time the year-long course ends, Sangeetha would have sat through 640 hours of classroom sessions.

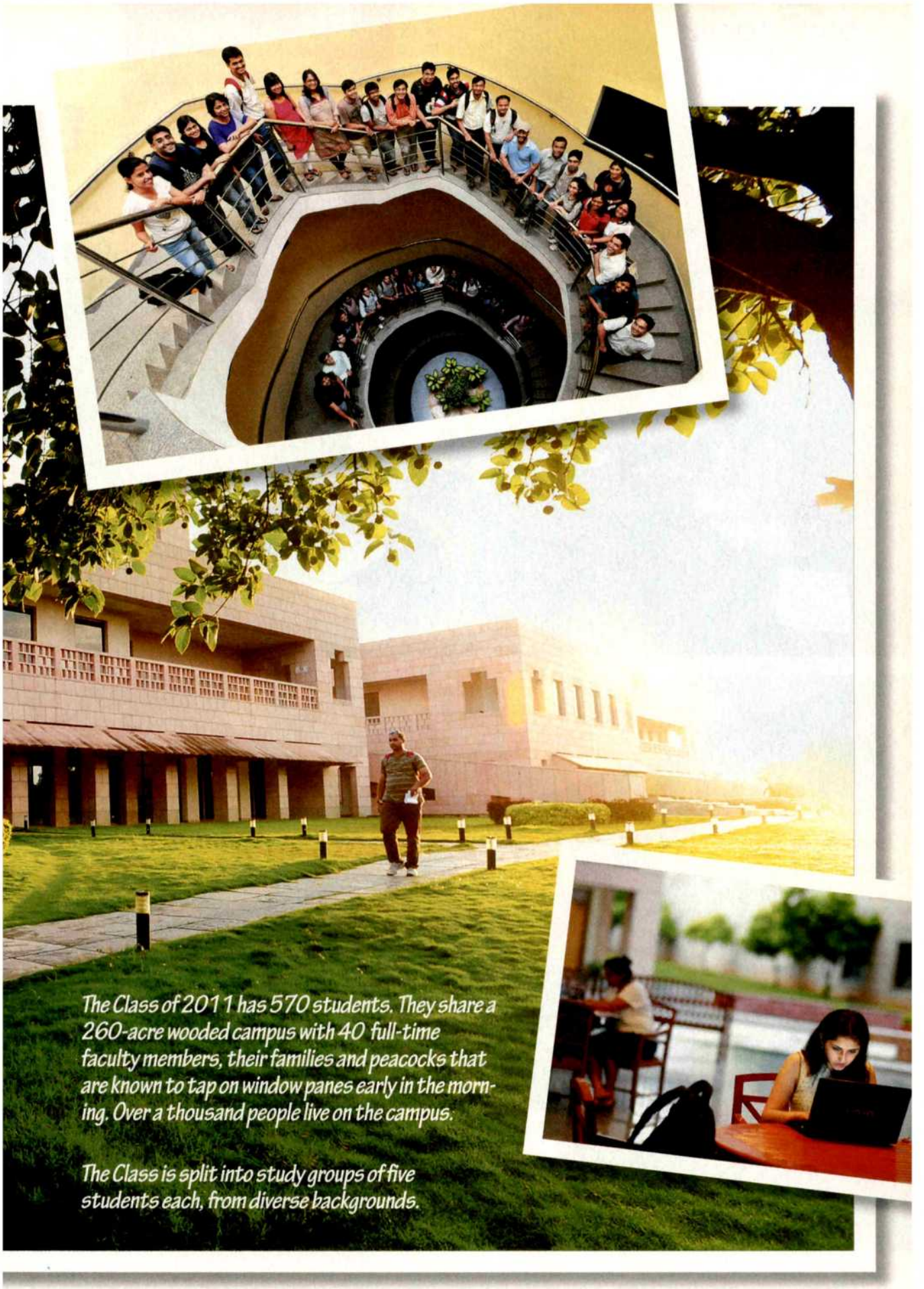
Sangeetha loves PG Wodehouse. After sessions on quant models and marketing strategy, her favourite pick-me-up is leafing through a Psmith or Blandings novel. "I like his golf stories in particular," she says. Perhaps, that's why she tees off a few times a week. It's something her institute encourages.

Almost 200 CXOs visited ISB to attend seminars, grace convocations, lecture classes last year. Here Sangeetha catches a quick word with S. Sivakumar, Chief Executive of Agri Business of ITC, after a seminar on Corporate Social Responsibility.



ISB was among the earliest to set up offices in Gachibowli, on the outskirts of Hyderabad, in 1999. Today, it's a buzzing IT hub with companies like Infosys, Capgemini and Microsoft employing about 50,000 people. Little wonder that 1/4th of the 2010 batch at ISB works in the IT sector.

A 24-hour coffee shop ensures caffeine on tap for the graveyard shifters. Sangeetha got her six hours of sleep on most days, even during the third term, also known as the 'hell term,' without a caffeine fix.

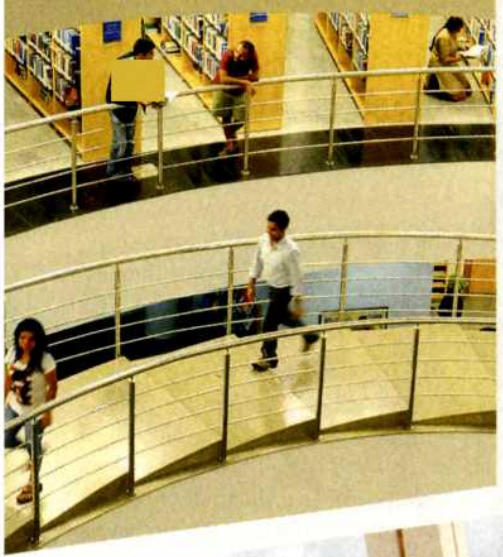


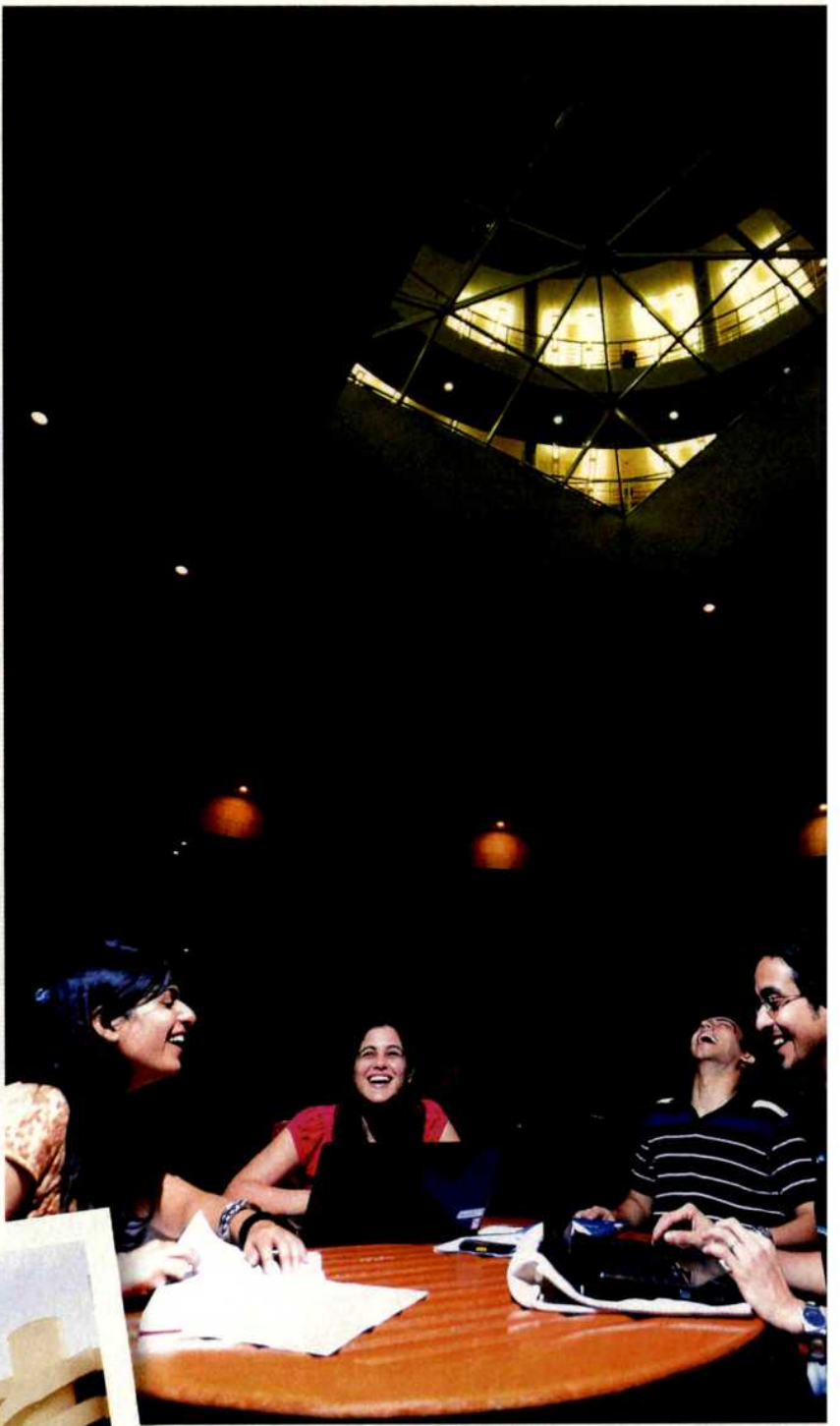
The Class of 2011 has 570 students. They share a 260-acre wooded campus with 40 full-time faculty members, their families and peacocks that are known to tap on window panes early in the morning. Over a thousand people live on the campus.

The Class is split into study groups of five students each, from diverse backgrounds.

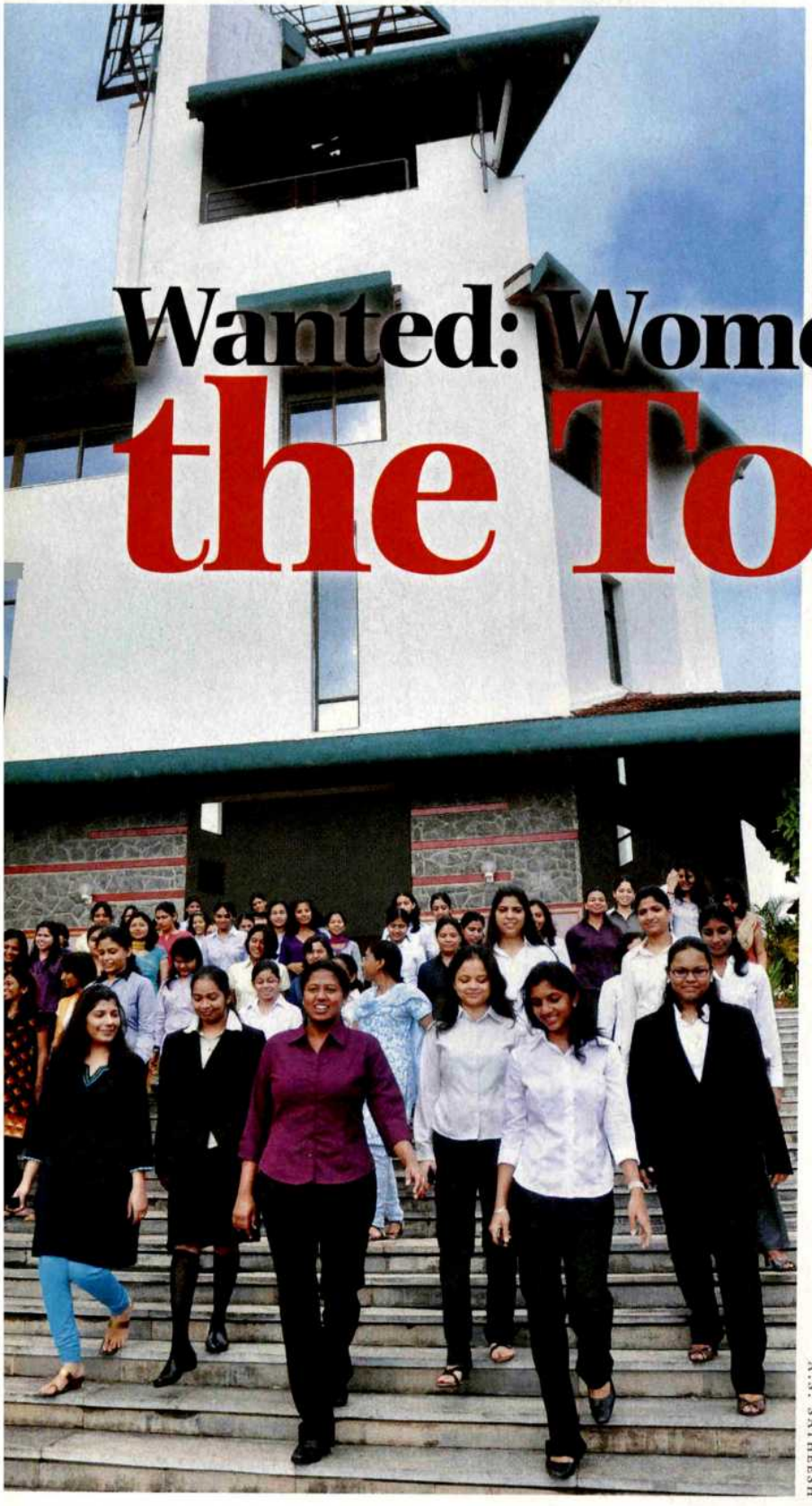
That's Sangeetha's study group working on 'Mark Strat', a marketing simulation game. The group, which meets twice a week, has four engineers, all of whom have worked for different sectors. Four-year-old Vadanya, Preeti Pateria's (extreme left) daughter, meanwhile, plays a simpler game.

Chirag Rakshit has been selling parathas and cocktails on campus for a week now. Chirag and his group of four were given Rs 500 and asked to launch an entrepreneurial venture. By the end of week one, Chirag's group had made Rs 16,500. The margins: about 30%. All for a one-credit course on entrepreneurship.





Student clubs — 27 of them — abound. Just because the finance and business technology clubs are popular doesn't mean the campus is full of bespectacled bookworms. An impromptu birthday celebration shows the way.



Wanted: Women at the Top

There are too few women managers to choose from. Will this change anytime soon?

BY SAUMYA BHATTACHARYA

Discussing the glass ceiling while thoughtfully swirling a high-ball comes off rather nicely. But how do managers actually deal with the issue in real life? CEOs often have a common reply to the question why they don't hire more women managers at the top: "We would love to but we can't find any." Disturbingly enough, they may be right.

A couple of years ago a large multinational company approached executive search organisation Amrop India asking for women business leaders. They ended up not

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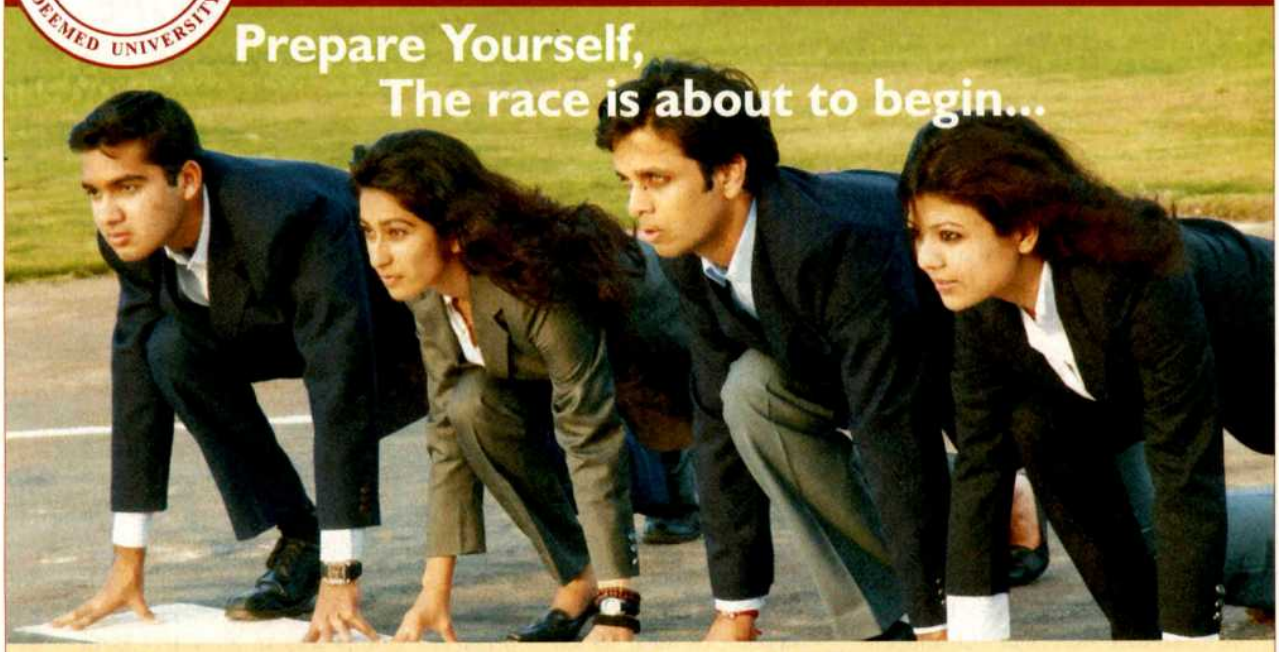

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hiring any — for the simple reason that there were not enough candidates to choose from. Naturally, nobody was discounting merit, and the truth is there just weren't enough women who fit the bill.

"When, out of every 10 candidates for an opening, only one or two are women, statistically women fail to make it to the leadership levels," says Preety Kumar, Managing Partner, Amrop. It is evidently an issue of numbers and not talent, as Kumar affirms, herself one of six girls in a class of roughly 60 in the 1985 MBA batch of University Business School, Chandigarh.

It is no secret that the ratio of students in business schools is skewed hugely in favour of boys. Samir K. Barua, Director, IIM Ahmedabad, says men outnumber women 4:1 at the application stage for admission to IIMs.

Glass Ceiling or Blackboard Walls?

If so few women are applying for B-schools, fewer still are available in higher rungs of management. Barua points out that, of course, this is also because as a nation we don't have enough women in high school and college to warrant their getting into higher studies. While this might well be true, at least a couple of B-schools in India are now consciously trying to find ways to balance the gender scales. Starting this year, the scenic campus of IIM Kozhikode in Kerala just turned more colourful: the batch of 2012 has flocked in. While girls haven't outnumbered boys yet, this could soon become a reality if the institute's aim to become an equal opportunity institution fructifies.

"For the first time, an IIM has looked at changing the profile of students it takes in," says IIM-K Director Debashis Chatterjee. Girls account for a third of the Class of 2012. That's a first for any IIM and definitely for most B-schools in India.

At Delhi University's Faculty of Management Studies or FMS, girls account for a third of the incoming Class of 2012 against a quarter in the Class of 2011. Kuriakose Mamkoottam, Head and Dean, promises that there will be just as many girls as boys in the following year. "All things being equal, girls will clinch it at FMS," he says.

FMS and IIM-K are putting in place a balanced classroom because they realise that they have to cater to increasing demands for a balanced workplace. Just like Amrop, more headhunting firms are beginning to get swamped by demands for women managers. Citibank, a big recruiter, has decided to do more than just demand. It has launched a talent hunt on nine exclusive campuses to nurture women leaders (see *Citi in Campus Talent Hunt*).

At leading global B-schools, including Harvard and Chicago's Booth School, women form 30-40 per cent of a batch. Compare this with IIM-A, where women form less than 15 per cent of the batch.

Says Jessie Paul, former Chief

COLUMN BY VEDIKA BHANDARKAR
MD and Vice Chairman, India, Credit Suisse

Re-engineer CAT

I graduated from IIM Ahmedabad in 1989. The total batch strength was 180 and there were 24 women. The class after that, as I remember, had even fewer women. I have been a regular recruiter at IIM-A for the past many years.

In the past, I used to recruit summer interns, and some of them would be then hired for permanent positions. Last year, when I was at IIM-A to hire summer interns, it seemed that the number of women had increased, but that's probably because the total number of seats had increased. The percentage remains more or less the same.

If the proportion of women is smaller in higher education, it becomes a challenge to hire enough of them. I would certainly look to hire both men and women. Diversity of gender is a must for workplaces, but with so few women to choose from, getting numbers is always a challenge.

I am against reservations for women in higher education and so are other women who have made it purely on the basis of merit. The issue is that the entrance test has a very high math component and it tends to favour engineers. Since we have fewer women coming into engineering colleges, the problem gets bigger.

One way to alter this is to change the format of the entrance examination. For example, GMAT has logical reasoning, verbal ability and even essays. If the format of the test is not changed, it will be difficult to change the numbers of women in the workplace.

I am against reservations for women in higher education and so are other women who have made it purely on merit

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Marketing Officer at Wipro, who is from the IIM Calcutta Class of 1995: "Only 10 per cent of us were women. Even now it's a desperate situation." She now runs Paul Writer, a marketing advisory firm.

Bakul Dholakia, former Director of IIM-A and an expert in management education, says the number of applicants to MBA programmes is indeed rising, but a lakh women taking CAT is still far away. Over 200,000 take the CAT test.

DEEPAK G. PAWAR

Jessie Paul, CEO, Paul Writer Strategic Advisory, Class of 1995, IIM Calcutta

"Equal opportunity would be the same number of women applying to write the test as men"

More than Numbers

While the admission figures are definitely disturbing, there are other factors at play as well. Says Rashmi Bansal, author, entrepreneur and alumnus of the IIM-A Class of 1993: "Women compete on the same terms as men up to middle management, that is, 8-10 years into their careers. After that, the issue of motherhood versus career comes into play."

She points out that only a handful of women with adequate support systems and nerves of steel can take the traditional linear career path that men do and succeed. The rest need to create new kinds of career paths that allow for flexibility and where roles are not as narrowly defined. Of course, there will always be the heirs apparent – the daughters of magnates like Kishore Biyani, Venu Srinivasan and Shiv Nadar – who will make it there up fairly smooth walkways.

Amrop's Kumar seconds this, pointing out that the highest drop-out of women professionals is at the 8-10 year stage. "Companies might be in a rush to push gender diversity, but what they end up doing is hiring women in large numbers at junior levels. Diversity at different levels of hierarchy is what matters," she points out.

Students like Maanvi Ahuja, 23, of IIM-K, are already worried about long-term career moves. "The state of gender diversity is appalling," Ahuja says, pointing out that there is just a handful of women leaders like Kiran Mazumdar-Shaw, Naina Lal Kidwai, Chanda Kochhar and Indra Nooyi in the top echelons of business today.

Gender diversity is something that cannot be artificially created. Until women-friendly policies such as flexible working hours, creches, and maternity/paternity leave are put in place, the efforts of the B-schools, while laudable, might go only so far. But it's a brave new beginning. ⊙

Citi in Campus Talent Hunt

You would have heard of gender diversity at work. Citigroup is taking gender diversity to campuses

The Citi Woman Leader Award, the first and only programme of its kind, will be given to one talented woman from each of these nine top-rated campuses – IIM Lucknow, SP Jain Institute of Management, IIM Calcutta, XLRI, IIM Ahmedabad, Faculty of Management Studies of Delhi University, IIM Bangalore, IIM Kozhikode and JB Institute of Management Studies.

Five women will be shortlisted from each campus based on their academic achievements, extra-curricular activities and leadership potential. From this pool, Citi will select 18 finalists across the campuses. The finalists will then be put through an assessment by Ernst & Young and then interviewed by a panel of Citi's leadership team. Citi will then select one Citi Woman Leader at each of the nine business schools. Each Citi Woman Leader will get a scholarship to cover academic expenses for the second year.

Says Citigroup's HR Head in India Stephen Cronin: "The objective is to encourage future women business leaders in India and promote a more balanced gender representation at top B-schools." The bank is not offering jobs to these leaders, but says the winners are free to apply. "We would be only too happy to consider them," says Cronin. At present, women account for 40 per cent of Citi's staff.

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Merit + Loan = Dream

With bank loans difficult to come by, lack of funds is proving to be a big hurdle between talent and aspiration – especially for economically weak students.

BY MANU KAUSHIK

Kusham Panwar was clear about her next move. After completing her M.Sc. in Biotechnology at Maharaja Ganga Singh University in Bikaner she wanted to pursue an MBA in Biotechnology. This course, in her opinion, offered a perfect blend of managerial and R&D skills. Fast-growing biotech companies were in need of people with expertise in areas such as marketing management, licensing and intellectual property rights besides a strong scientific background. She applied for an MBA at Pune's MITCON Institute of Management and in 2008 cleared the entrance exam. Soon after, she got a call from the institute asking her to submit the fees for the two-year course within 45 days.

She applied for a Rs 5 lakh education loan at State Bank of Bikaner and Jaipur. The bank sat on her application for nearly a month and in the end denied her loan without citing any reasons. She was left with no time to approach any other bank or financial institution and so had to give up her MBA dream. "We were informally told that since my father, a government employee, was already a guarantor for a loan my brother had taken for his engineering course, the bank did not feel comfortable lending," she says, adding that they had no issues with the institute's reputation or her past academic record.

Education loans come under priority sector lending and about 80 per cent of applicants for loans of all sizes and for institutes in India and overseas receive approval. But the picture becomes stark for loans more than Rs 4 lakh — typically, the loan amount needed by students pursuing an MBA or other post-graduate professional courses. Not only do they need to provide collateral for such loans, often income-based guarantees are mandatory. The result, says Prashant A. Bhonsle, Country Head of Credila Financial Services, is that two in three loan applications for amounts above Rs 4 lakh are estimated to be turned down by banks.

*Above Rs 4 lakh Source: Credila Financial Services

Issues such as lack of tangible collateral, unsatisfactory third-party guarantors, and the lack of coordination between two branches of the same bank — the branch where the loan is sanctioned and where it is delivered — come in the way of loans for students, too.

Experts blame the government and not the banks. "Barring the case of top institutes, banks are not very flexible on rules because education loans are a high-risk business for them. That is why private sector and foreign banks have limited exposure to this sector," says Bhonsle.

Over the past four years, the Ministry of Human Resource Development has been talking about setting up a National Education Finance Corporation to help students pursue higher education but nothing has been done so far.

Industry insiders argue that there are many ways to energise this sector. In the US, for instance, there are government-funded specialised loan programmes such as Stafford Federal Student Loan Program or the Perkins Loan Program that step in to ensure loans for all students who are good enough to get into any accredited educational institutions. "In India, we can have similar institutions which can fund 70-80 per cent of the higher education loans, while reducing the burden (and risk) on banks to 20-30 per cent," says Harsh Roongta, CEO, ApnaLoan.com. Had such a system existed, Kusham would today be working with the Biocons, Ciplas, Dr Reddys or DuPonts of the world and not hunting for a job three years after completing her Master's degree. ⊙

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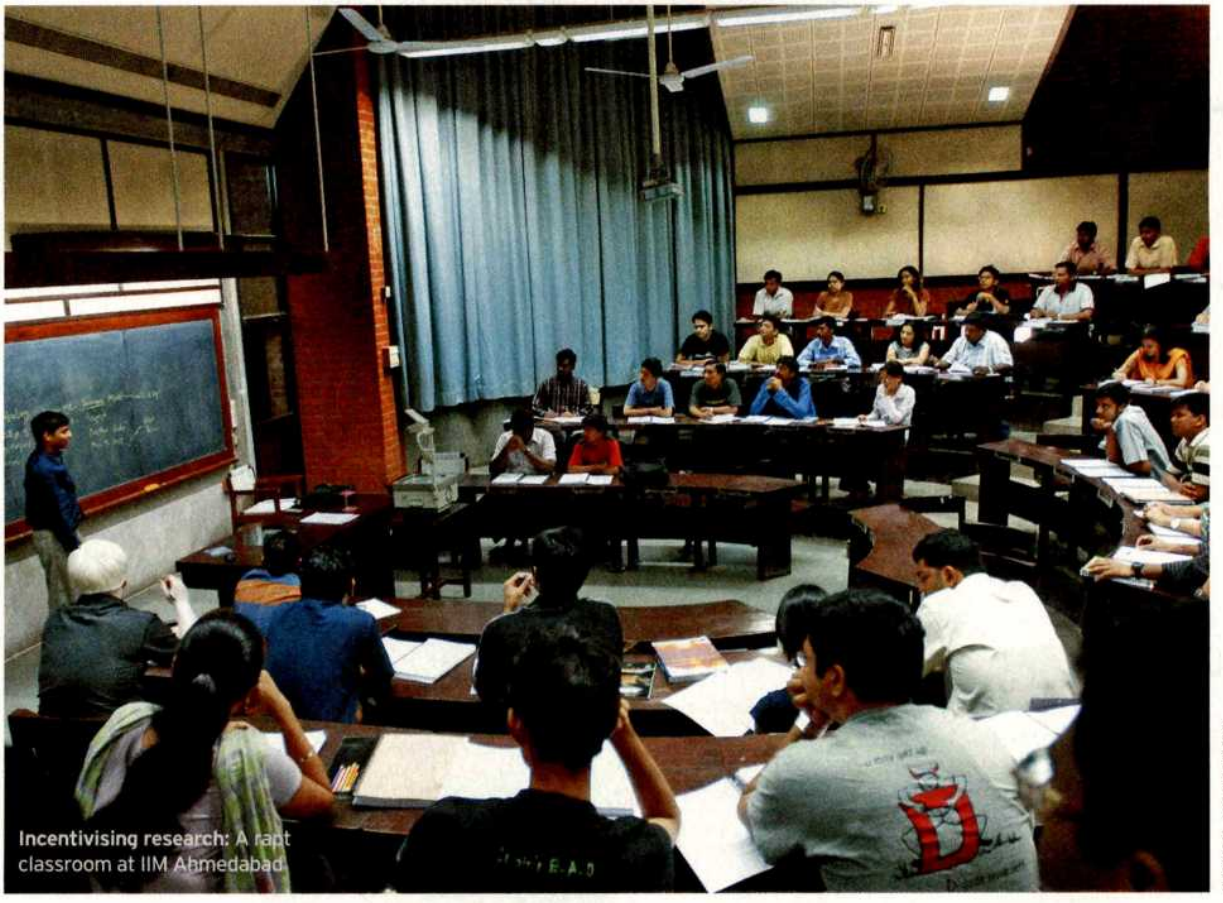
The Cutting Edge

Indian B-schools are just about waking up to the imperative of doing research. BY E.KUMAR SHARMA



Incentivising research: A rapt classroom at IIM Ahmedabad

SHAILESH RAVAL

The curricula at most Indian business schools dwell at length on psychologist Abraham Maslow's "Hierarchy of Needs" model that helps understand human motivation. Maslow, for the uninitiated, coined the term "self-actualisation" to describe an individual's yearning for excellence. Now, it seems top Indian B-schools themselves have taken a leaf out of Maslow's books and are searching for their own "self-actualisation" to emerge as centres of excellence through groundbreaking research.

Simply, India's B-schools want to be seen as thought leaders and not just disseminators of extant managerial wisdom. So, cutting edge research by faculty is in. It not only enriches the pedagogy, but also provides interface with the wider academic and the corporate world, B-school administrators realise.

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HOW THEY STACK UP

IIM Ahmedabad

- Incentive structure for research. Faculty paid Rs 5 lakh for papers in top journals and Rs 2 lakh for lower rung publications
- Short term collaborations with several global B-schools
- Faculty development allowances and conference grants

ISB

- Joint research with Wharton School, Kellogg School of Management and London Business School
- Eight centres of excellence focused on areas ranging from analytical finance to leadership to information technology
- Faculty performance judged on both teaching and research output

FMS

- Tie-ups with over a dozen foreign B-schools aimed at fostering collaborative research
- No specific research budget but select projects funds are liberally funded
- Grants to faculty for attending seminal conferences and workshops around the globe

Ahmedabad. It has seen a steady increase in its research projects. From 595 back in 1998-99, projects went up to 791 in 2009-10. It has evolved an incentive-based structure for its faculty who get paid Rs 5 lakh for research papers published in front-ranking journals. It also has a structure in place for faculty development allowances and conference grants. Or, take the Indian School of Business (ISB). It has set up eight centres of excellence, backed by endowments, focused on diverse streams — from analytical finance to leadership and entrepreneurship development — among others. The number of journal articles published by ISB's faculty has doubled in three years to 49 in 2009. In the past year alone, its faculty has had more than 20 publications in top international journals.

Sounds good, but these are still baby steps compared to international B-schools. It's the reason why Indian B-schools have been assiduously courting foreign faculty to visit their campuses. "At the IIM-A the visiting foreign faculty are typically involved in the complete process including the course design and structure and stay on campus for the entire duration of the course," says Ajay Pandey, Dean, Faculty, at IIM-A. Ditto at ISB, where the foreign faculty teach full courses and have end-to-end responsibilities — from designing the course structure to even grading — and also tend to end up working on research projects with resident faculty. ISB has Wharton School, Kellogg School of Management and London Business School as founding associate schools and pursues joint research with them.

And students certainly aren't complaining. Take Bhavani Shankar, a student from the Class of 2010 at the ISB. He recalls the sparkling sessions of Prashant Kale, Associate Professor of Strategy, Wharton School at the ISB in May 2009. "It gave us a totally new perspective on how one could leverage culture as a differentiation tool," he says. He believes the interactions with Kale are proving invaluable for him while setting up his own start-up in the electronics securities space. "Faculty needs to be used (by a school) for its knowledge and ability to compare and contrast across national boundaries," says Harbir Singh, Mack Professor and Vice Dean for Global Initiatives, also at Wharton, who takes classes at ISB.

THE ROAD AHEAD

- B-schools need greater collaboration with the best global schools
- Visiting foreign faculty should be top-of the-line with end-to-end engagement – from course design to grading
- Change the current incentive structure for research and instead invest in building a research-friendly ecosystem

But while Indian schools are striving to shore up their research initiatives, they have still to contend with obstacles. The slide in the teacher-student ratio in most B-schools has ensured a rising teaching load for faculty. At IIM Ahmedabad, for example, faculty strength has remained around 80 to 90 since 1980 but the student population has nearly doubled in the last few years. Most B-school professors BT spoke to also felt that the current incentive structure (getting payment as reward for publication in journals) alone is inadequate. "Most B-schools still need to invest in building an ecosystem with liberal grants for research," says M.S. Sriram, Adjunct Professor at IIM-A.

Then, the thrust on cutting-edge research remains the preserve of only the top-flight B-schools in India. Most second rung institutes pay only lip service — even interactions with foreign faculty are often just nothing more a branding exercise.

Clearly, in the Bollywood lingo percolating into classrooms: Aal izz is not well. ⊙

COLUMN BY SUMANT SINHA, CHAIRMAN, SAVANT ADVISERS

The Indian Way of Management

NISHIKANT GAMRE

Is there an India Way to do business? To understand this, we need to first understand the Indian landscape. If you go back in time — until the 90s — India was a closed economy. The general perception was that once the economy opens up, it would be taken over by the large multinationals. Instead, the opposite happened — Indian businesses reacted positively to the opening of the economy. They restructured, improved their capital structures, brought in good management skills, and, over a period of time, they professionalised and globalised themselves as well.

As Indian businesses have become bigger and globally more important, is there something that can be identified as The India Way of management or doing business? Is there something unique to Indian managers? Yes, there are quite a few unique aspects that can be attributed to Indian managers and The India Way of doing business.

More than a management style, it's rather the Indian managers themselves who are better-equipped to tackle a difficult environment

First, unlike other countries, Indian companies are largely led by family promoters. Unlike in the US, an Indian entrepreneur tends to stay with his business till the end. In India, it is also a norm for the promoters' children to take over the business, which is less common in the US or other western countries. The legacy issues are much stronger here than in any other country. But at the same time, Indian promoters also recognise the need for professional managers. India, therefore, has a situation of both promoters and professional managers running a business and working seamlessly with each other. This is clearly visible in family-promoted Indian conglomerates such as the Tatas, Birlas, Mittals, etc.

As a result, it's a mix of organisational capabilities, management practices, and company culture that sets Indian enterprises apart from firms in other countries. The Indian business is characterised by greater employee engagement, an ability to improvise and creatively deliver value to customers, and missions that extend beyond delivering shareholder value.

The second uniqueness of India is the fact that we have developed very good management talent over the years and this is perhaps most aptly demonstrated by the graduates from the Indian Institutes of Management (IIMs). Now there are more students passing out of Indian B-schools and these young managers are collectively coming together with older experienced

managers to create a managerial cadre that has diverse skill sets and who are able to operate successfully both in India and internationally. There are roughly 30,000 IIM graduates and they form the backbone of India's management talent. In fact, an attempt is being made to get all the IIM alumni and institutes together and form a global pan-IIM network to put this combined talent to better project the Indian management brand.

Home-grown innovation: A tractor built around a water pump, in Punjab

The third uniqueness about India is the dexterity required to operate a business here. If you can operate a business in India you can do so anywhere. It's not that Indian managers are inherently more creative than their counterparts elsewhere. But they operate in a complex, often volatile environment with much red tape. They, therefore, have to be nimble footed to be able to move with a constantly-changing and evolving policy framework, low quality of infrastructure that reduces smooth flow of physical and financial capital, corruption, bureaucratic procedures that increase transaction costs — all hurdles for doing business in India. Indian managers are used to finding ways around obstacles, including lack of resources. It's a mindset captured by the Hindi term "*jugaad*", which refers to a willingness to persistently improvise creative solutions. But, there is also a downside to *jugaad* — it often leads to less sustainable or lower quality solutions which do not create lasting improvements.

There is a downside to *jugaad* — it often leads to solutions which do not create lasting improvements

The Indian management style is still being explored and developed. We haven't yet identified a typical style of Indian management. For example, the Japanese style of management had Total Quality Management, or Just in Time Management, etc. In India we don't really have any such commonalities across geographies or across different companies.

More than an Indian management style, it's rather the Indian managers themselves who are better-qualified and better-equipped to run companies efficiently and successfully in a difficult environment.

There is pragmatism, flexibility, ability to work in a difficult operating environment, knowledge of English and democratic values, ability to work in mixed environments with promoters, etc. These are the important facets in The Indian Way of management.

As another facet, we can also increasingly see the emergence of entrepreneurialism as management graduates with more experience leave their jobs and join newer graduates to start their own ventures. This will help to broad-base economic growth in India beyond the traditional promoter families. These are changes that we are currently seeing taking place in India.

Whether we have something that is definably "Indian" in our management style will require further exploration, research and articulation. But the thought process in this direction has certainly started. ⊙

Sinha is an alumnus of IIM Calcutta, Class of 1989
(As told to Anusha Subramanian)

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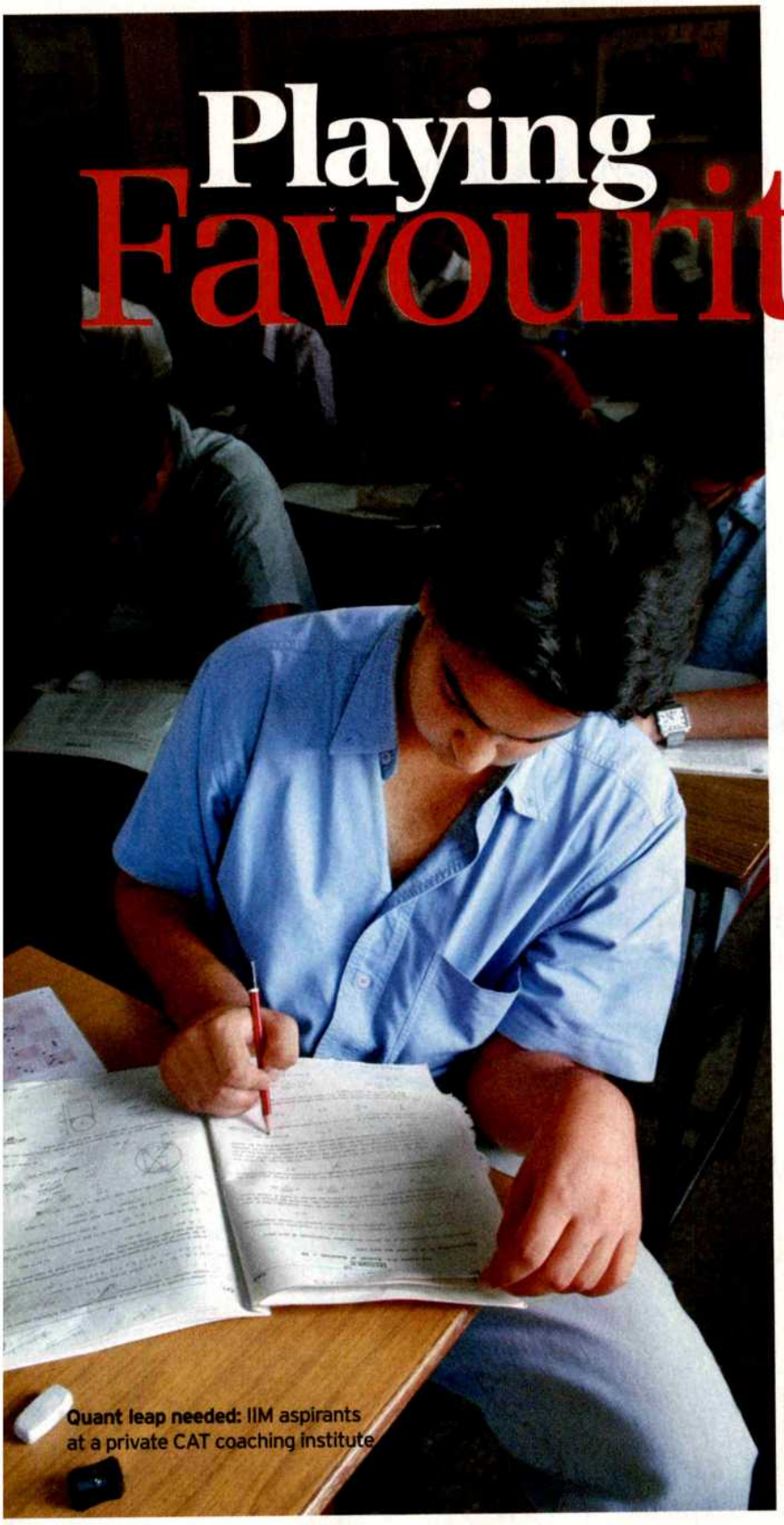
Playing Favourites

IIMs and other B-schools still gravitate towards engineers – contrary to the trend in MBA admissions globally. BY MANU KAUSHIK



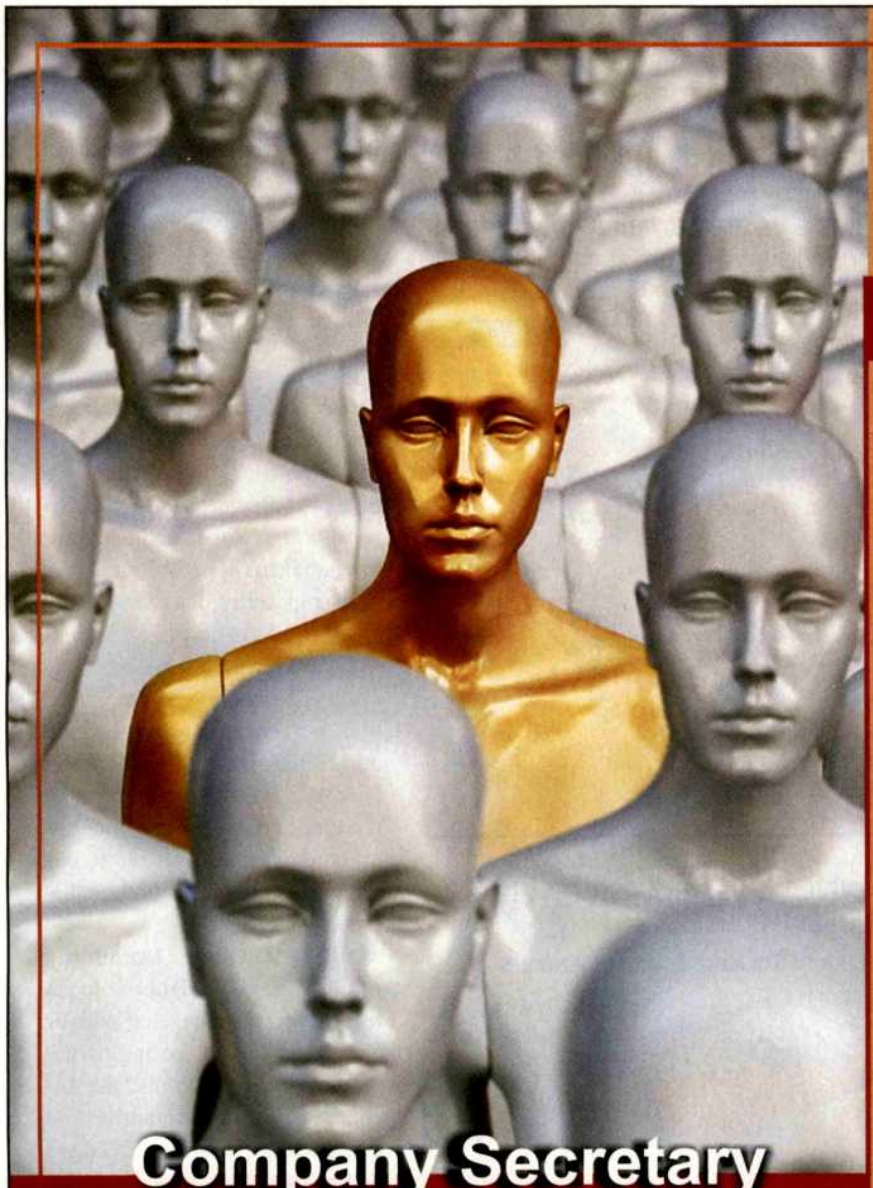
Quant leap needed: IIM aspirants at a private CAT coaching institute

RAVI SAHANI

Come November, and it'll be a familiar *tour de force* for teeming MBA aspirants. Over 2.5 lakh candidates are likely to queue up for the Common Admission Test (CAT) for entry into the hallowed Indian Institutes of Management (IIMs) and only about 2,200 will eventually make the cut.

Indeed, the number of CAT applicants has surged over the past decade — from about one lakh in 2000 to 2.41 lakh in 2009 — and the number of seats at the IIMs, too, has almost doubled in the period. (Several other B-schools too select candidates based on CAT.) But amidst the churn, there has been an air of predictability about the eventual outcome — people with an engineering or technical background continue to crowd out candidates from other streams. For example, out of a 180-student batch in 2000 at IIM Ahmedabad, 54, or 30 per cent, were non-engineers. In 2010, the percentage fell to just 5.6 per cent in a class of 390 students.

The IIMs concede they would prefer a diversified batch and say they have taken proactive steps such as



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changing the test patterns and reducing the cut-off marks in the quantitative sections for non-engineers. Says Himanshu Rai, CAT convener and a professor at IIM Lucknow, "It's a socio-cultural issue. Parents force bright students to join science or engineering courses. We have to live with this skewed ratio and it's not going to change in a hurry."

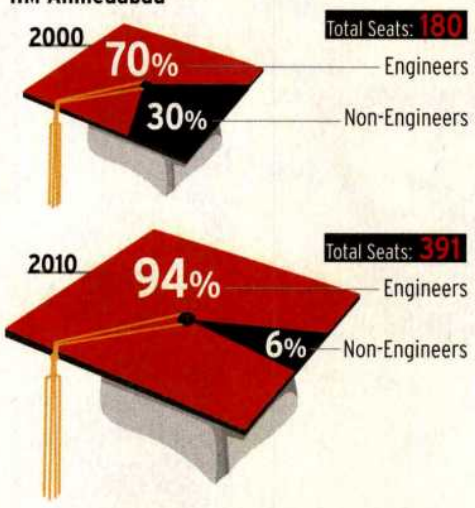
But some experts argue that the CAT structure itself is inherently flawed — the degree of difficulty of the quantitative section, in particular, is above Class XII levels, creating a strong bias in favour of engineers. Says Sanjeev Bikhchandani, MD and CEO of Info Edge India, which runs sites such as Naukri.com and an alumnus of IIM Ahmedabad, "When I wrote the CAT 20 years ago, the degree of difficulty of the quantitative sections was that of the tenth standard... So the good students from humanities also got in, resulting in greater diversity of the class. Today, the degree of difficulty of the quantitative section in some cases is above Class XII." CAT in 2009 changed completely from what it used to be a decade earlier. Although the number of sections — verbal, quantitative and logical, and data interpretation — continue to remain the same, the number of questions came down to 60 in 2009 from 165 in 2000, leaving not enough options for candidates to pick and choose. The level of difficulty across all the sections has also gone up significantly over the last few years.

The solution then could be to model the CAT on the GMAT (Graduate Management Admission Test), which most foreign B-schools and some Indian colleges like the Indian School of Business consider for admissions.

THE BIG PICTURE

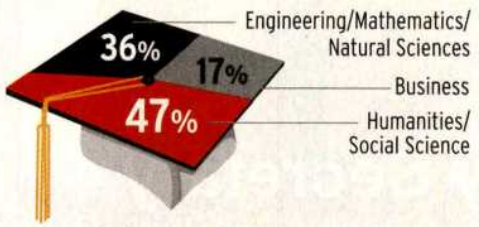
Engineers are crowding out students from other streams at the IIMs ...

IIM Ahmedabad

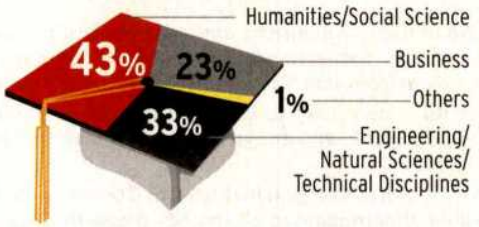


...which is in stark contrast to the global trends...

Stanford Graduate School of Business



Harvard Business School



KULDEEP

...and the reasons

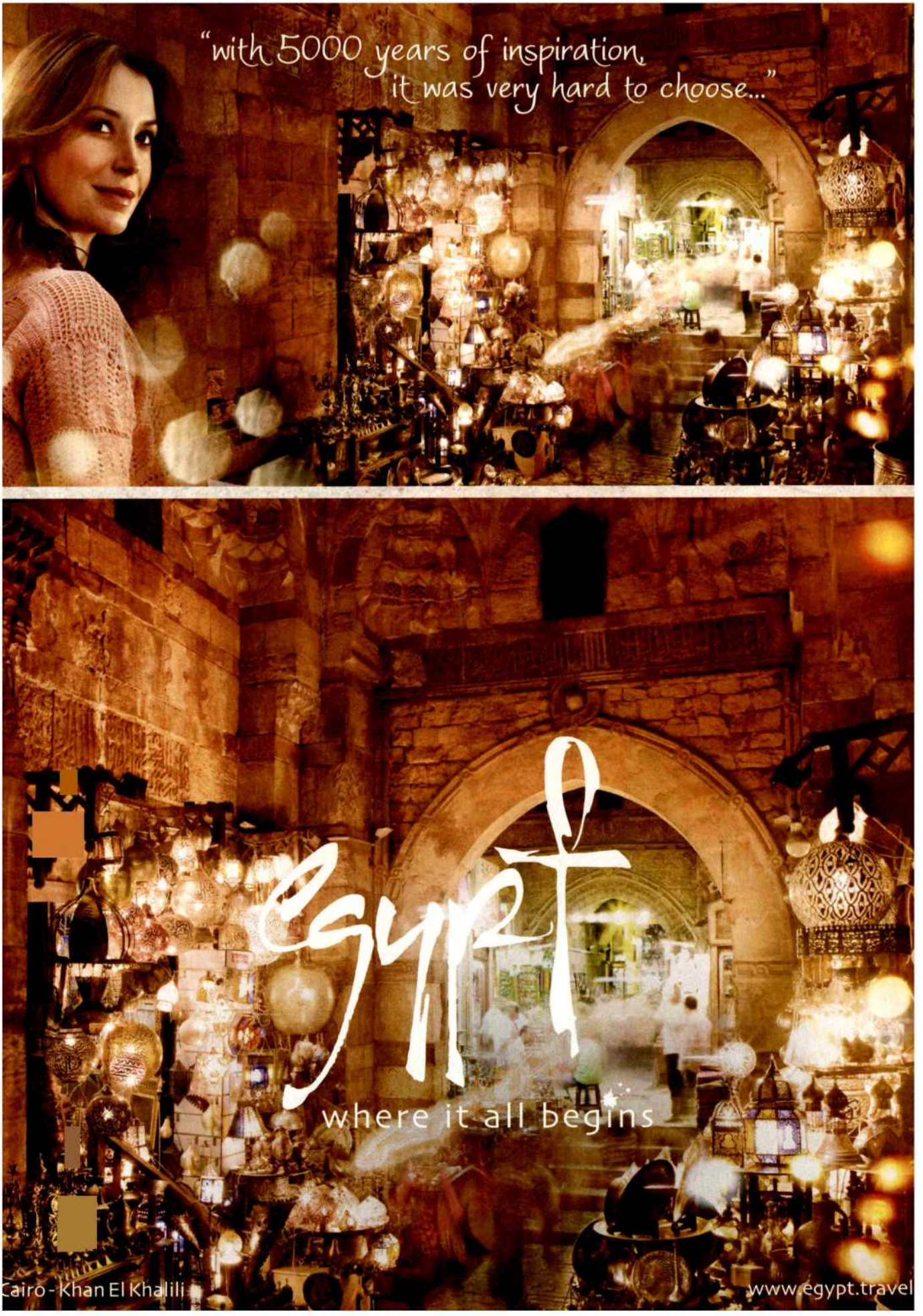
- High difficulty levels of the quantitative sections in CAT favour engineering students
- Unlike foreign schools, the IIMs don't lay great emphasis on leadership, communication and people skills during the admission process

Source: Career Launcher & BT Research

It appears to be a more balanced test with equal emphasis on verbal and quantitative skills. In GMAT, there are 78 questions with 41 in the verbal section and 37 in the quantitative section. Besides, two essays also carry a significant weightage. Which, perhaps, explains why global B-schools have a more diversified batch. The Harvard Business School (HBS) and the Stanford Graduate School of Business (SGSB), which accept GMAT scores, actually have more students from the humanities than engineering. For example, the Class of 2012 at HBS has 43 per cent students from a humanities and social sciences background compared to 33 per cent from an engineering and technical background. SGSB's Class of 2011 has almost the same percentage of students from a humanities background and 36 per cent from engineering and mathematics background.

"We have been examining whether CAT is the right test to get students with managerial skills or are we just eliminating the brighter students," says Asish Bhattacharyya, Professor, Finance and Control, IIM Calcutta. Info Edge's Bikhchandani offers a solution. He believes the IIMs could retain the CAT in its current form, but the cut-offs for admissions to the IIMs could be drastically lowered to about the 92nd percentile (from 99.9 now).

"Benchmarking studies have shown that a student who gets a high score of 720 in the GMAT will typically get around 92nd percentile in the CAT," says Bikhchandani. In other words, a 92nd percentile in the CAT is adequate quantitative and verbal proficiency. Beyond that, Bikhchandani argues, the IIMs should look at other factors such as leadership, communication, expository writing, motivation and people skills, among others. But are the IIMs listening? ⊙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Business of Chatter

BT and Nielsen listen in as B-school aspirants, students and graduates turn to the Internet in droves for counselling, sharing their experiences and improving prospects. BY KUSHAN MITRA

*Verbatim reproduction of comments

As more and more Indians go online, and as entrance exams change from being paper-based to online, it isn't surprising that the most vibrant discussions about MBA courses don't happen in college corridors or at preparation classes, but online. *BT* decided to capture this online chatter for a qualitative assessment of what is being talked about online, for the first time, using a proprie-

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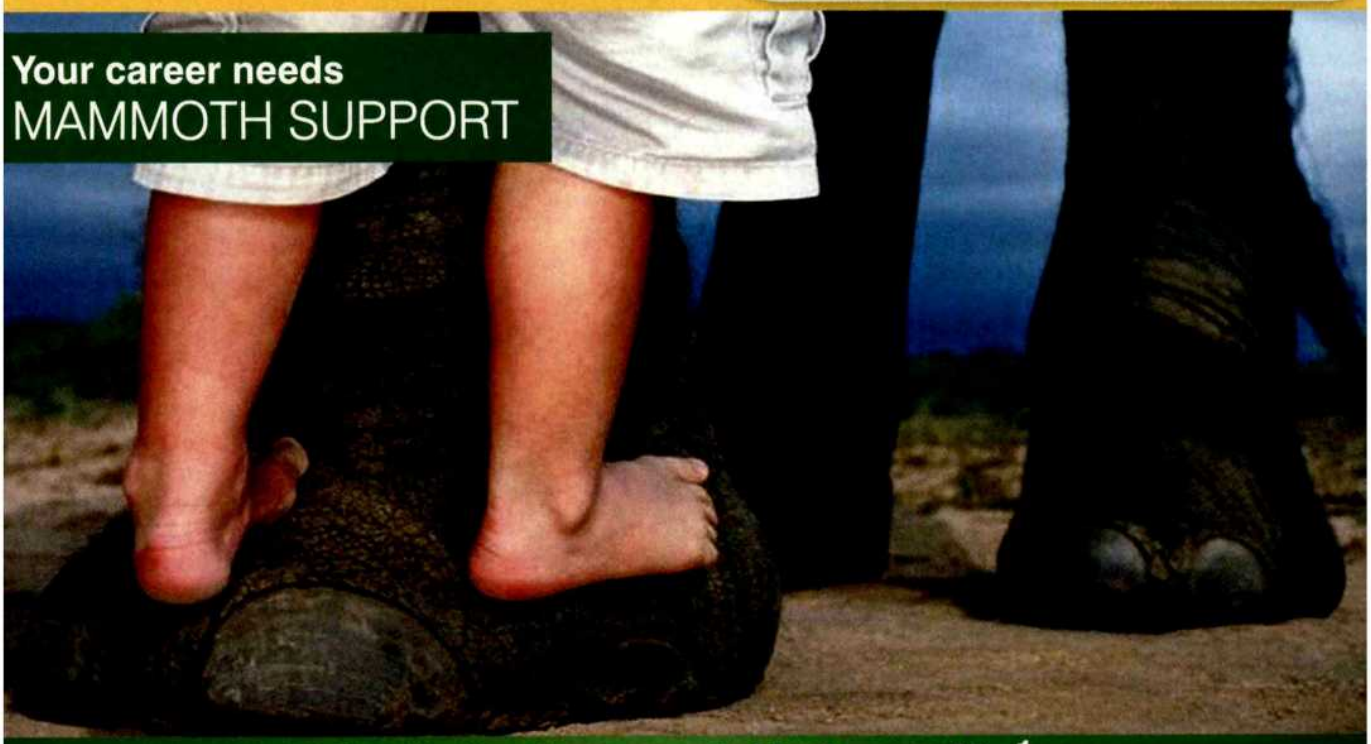

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- BBA
- BBA - MBA (Dual Degree) (5 yrs.)
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- BBA (Hons.)
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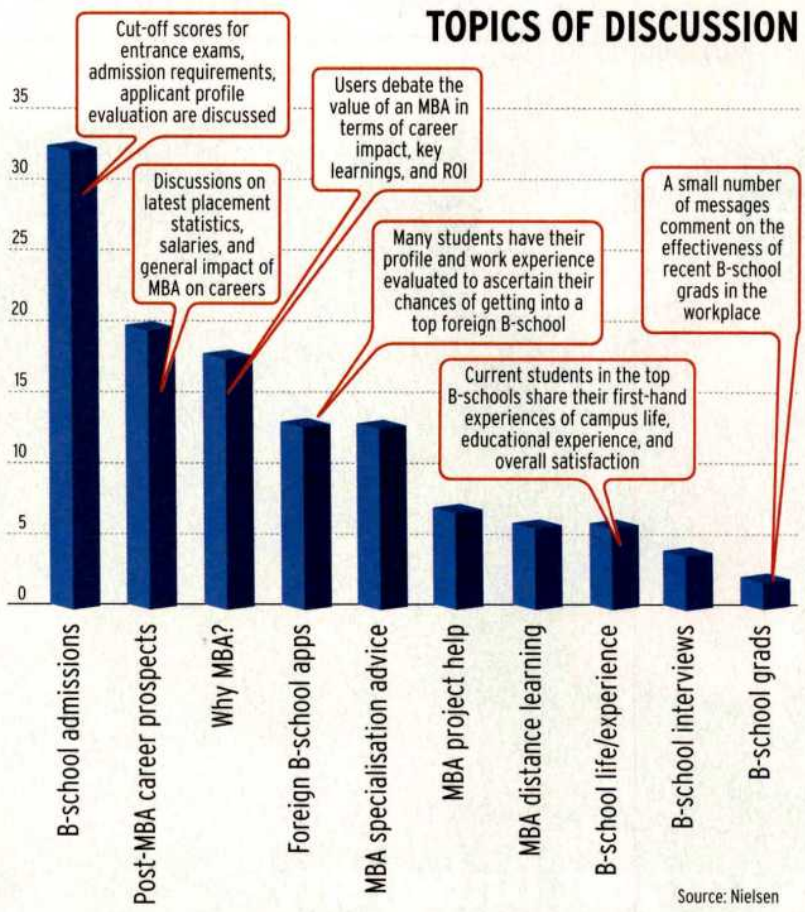
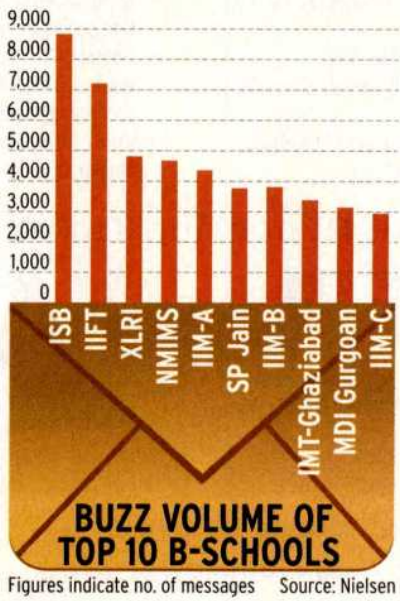


tary Nielsen tool called BuzzMetrics.

The study covered nearly six million messages from India over a 12-month period between end-August 2009 to the same time in 2010 with the *BT* B-school 2009 rankings as the consideration set.

Among the results thrown up was the fact that the Indian Institute of Management Ahmedabad, does not top the 'Buzz Volume' charts for the most-discussed B-school. That title goes to the Hyderabad-based Indian School of Business (ISB), possibly because the institute tends to solicit professionals with work experience to join —the school has double the discussion traffic of IIM-A (see graphic to the right).

A not-so-surprising result was that almost a third of the traffic on discussion boards — monitored for three months to end-August — has to do with B-school admissions and about 20 per cent on career prospects after the MBA (see graphic on the left).



The survey also shows how one site, pagalguy.com, generates over 90 per cent of the online traffic for MBA queries in India. The site generated some 50,442 messages dispatched by 15,563 authors. Entrance-exam.net, the next most active site, generated just 914 messages in the period, while Yahoo! Answers was the only general site among the top 15.

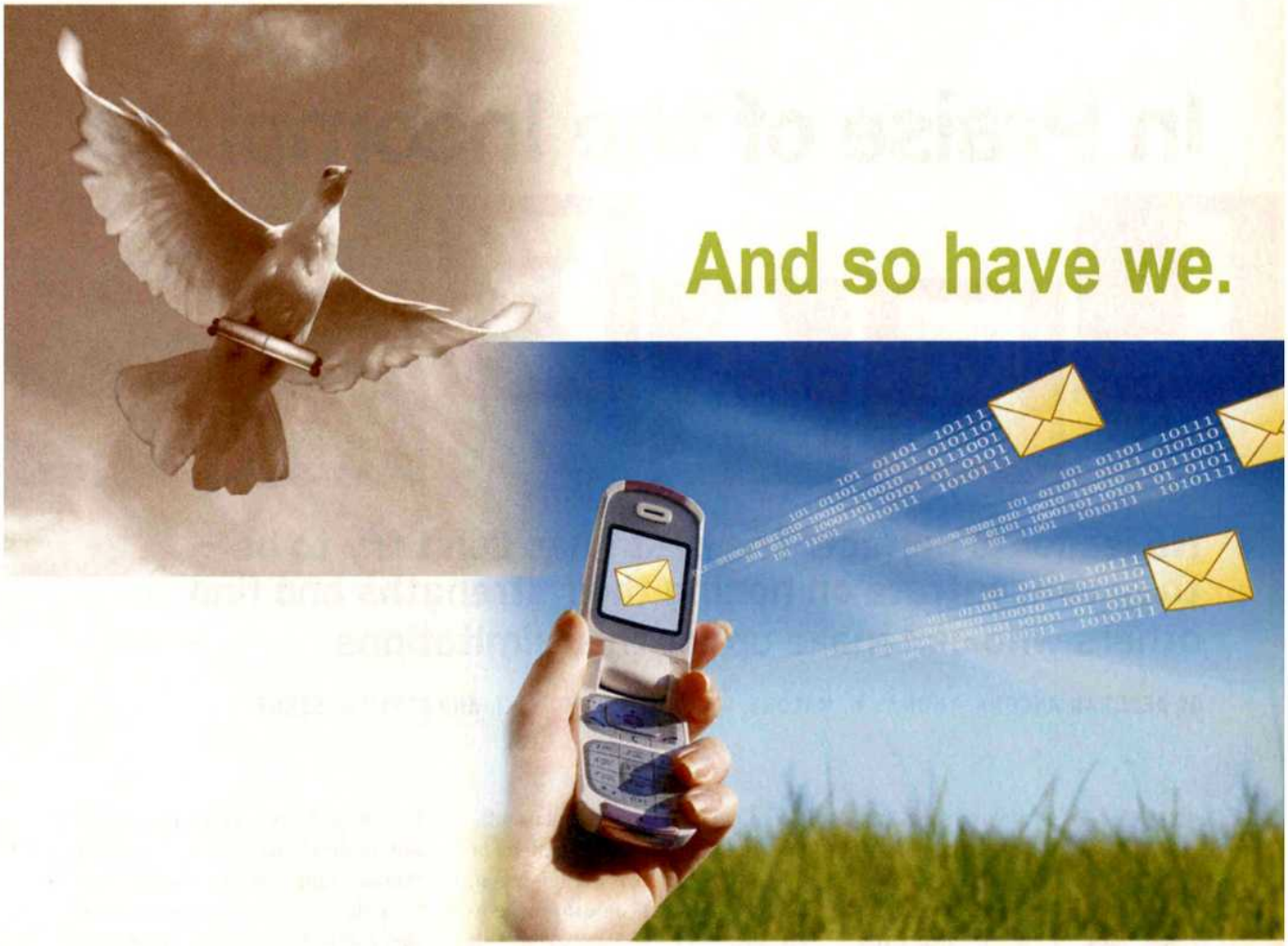
By studying certain key words, Nielsen Online also classified posts as positive, negative, neutral or mixed (with both positive and negative comments). A great majority of posts, over 60 per cent in the case of all schools surveyed, and in some cases over 90 per cent, was neutral.

But here, too, there are exceptions: Management Development Institute, Gurgaon had a large 30 per cent of all discussions that were positive, only four other schools had 'positive' posts that exceeded 10 per cent of total posts.

With the Internet fast becoming the norm among B-school aspirants and students, "most B-schools have become far more professional over the past few years when it comes to dealing with online forums, instead of the antagonistic attitude they had earlier," says Allwin Agnel, Founder of Pagalguy.com and a Wharton alumnus.

The BuzzMetrics report does make one thing quite clear: while some B-schools use so-called search engine optimisation techniques that border on the dubious in the belief that it might win them some credibility, the online community is a powerful beast. And this report gives an idea of what is being said and where. ⊙

From pigeon mail to email to MMS... connectivity has come a long way.



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In Praise of the Incomplete LEADER

No leader is perfect. The best ones don't try to be – they concentrate on honing their strengths and find others who can make up for their limitations.

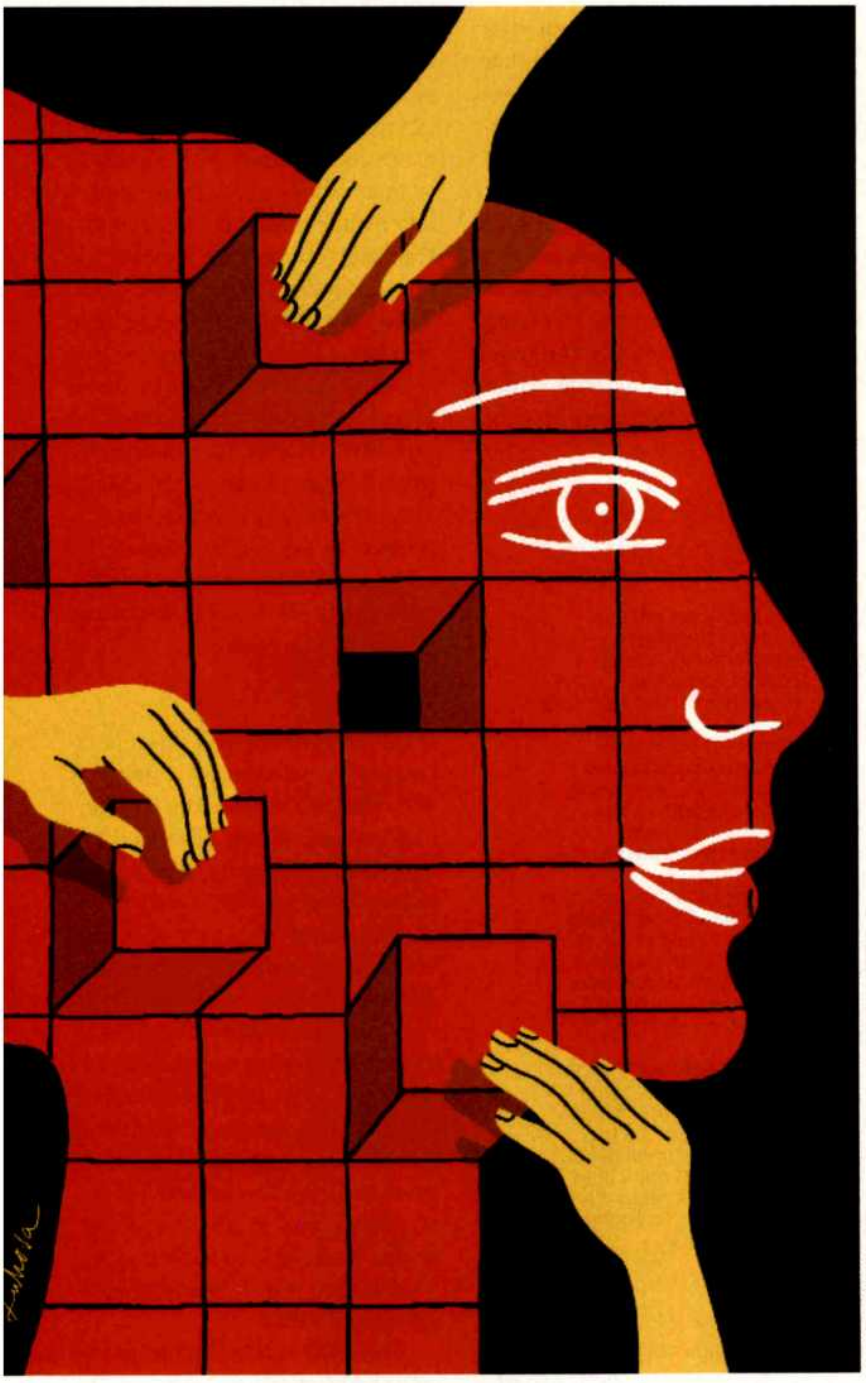
BY DEBORAH ANCONA, THOMAS W. MALONE, WANDA J. ORLIKOWSKI, AND PETER M. SENGE

We've come to expect a lot of our leaders. Top executives, the thinking goes, should have the intellectual capacity to make sense of unfathomably complex issues, the imaginative powers to paint a vision of the future that generates everyone's enthusiasm, the operational know-how to translate strategy into concrete plans, and the interpersonal skills to foster commitment to undertakings that could cost people's jobs should they fail. Unfortunately, no single person can possibly live up to those standards.

It's time to end the myth of the complete leader: the flawless person at the top who's got it all figured out. In fact, the sooner leaders stop trying to be all things to all people, the better off their organisations will be. In today's world, the executive's job is no longer to command and control but to cultivate and coordinate the actions of others at all levels of the organisation. Only when leaders come to see themselves as incomplete — as having both strengths and weaknesses — will they be able to make up for their missing skills by relying on others.

Corporations have been becoming less hierarchical and more collaborative for decades, of course, as globalisation and the growing importance of knowledge work have required that responsibility and initiative be distributed more widely. Moreover, it is now possible for large groups of people to coordinate their actions, not just by bringing lots of information to a few centralised places but also by bringing lots of information to lots of places through ever-growing networks within and beyond the firm. The sheer complexity and ambiguity of problems is humbling. More and more decisions are made in the context of global markets and rapidly — sometimes radically — changing financial, social, political, technological, and environmental forces. Stakeholders such as activists, regulators, and employees all have claims on organisations.

No one person could possibly stay on top of everything. But the myth of the complete leader (and the attendant fear of appearing incompetent) makes many executives try to do just that, exhausting themselves and damaging their organisations in the process. The incomplete leader, by contrast, knows when to let go: when to let those who know the local market do the advertising plan or when to let the engineering team run with its idea of what the customer needs. The incomplete leader also knows that leadership exists throughout the organi-



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sational hierarchy — wherever expertise, vision, new ideas, and commitment are found.

We've worked with hundreds of people who have struggled under the weight of the myth of the complete leader. Over the past six years, our work at the MIT Leadership Center has included studying leadership in many organisations and teaching the topic to senior executives, middle managers, and MBA students. In our practice-based programmes, we have analysed numerous accounts of organisational change and watched leaders struggle to meld top-down strategic initiatives with vibrant ideas from the rest of the organisation.

All this work has led us to develop a model of distributed leadership. This framework, which synthesises our own research with ideas from other leadership scholars, views leadership as a set of four capabilities: *sensemaking* (understanding the context in which a company and its people operate), *relating* (building relationships within and across organisations), *visioning* (creating a compelling picture of the future), and *inventing* (developing new ways to achieve the vision).

While somewhat simplified, these capabilities span the intellectual and interpersonal, the rational and intuitive, and the conceptual and creative capacities required in today's business environment. Rarely, if ever, will someone be equally skilled in all four domains. Thus, incomplete leaders differ from incompetent leaders in that they understand what they're good at and what they're not and have good judgment about how they can work with others to build on their strengths and offset their limitations.

Sometimes, leaders need to further develop the capabilities they are weakest in. The exhibits throughout this article provide some suggestions for when and how to do that. Other times, however, it's more important for leaders to find and work with others to compensate for their weaknesses. Teams and organisations — not just individuals — can use this framework to diagnose their strengths and weaknesses and find ways to balance their skill sets.

Sensemaking

The term "sensemaking" was coined by organisational psychologist Karl Weick, and it means just what it sounds like: making sense of the world around us. Leaders are constantly trying to understand the contexts they are operating in. How will new technologies reshape the industry? How will changing cultural expectations shift the role of

business in society? How does the globalisation of labour markets affect recruitment and expansion plans?

Weick likened the process of sensemaking to cartography. What we map depends on where we look, what factors we choose to focus on, and what aspects of the terrain we decide to represent. Since these choices will shape the kind of map we produce, there is no perfect map of a terrain. Therefore, making sense is more than an act of analysis; it's an act of creativity. (See *Engage in Sensemaking.*)

The key for leaders is to determine what would be a useful map given their particular goals and then to draw one that adequately represents the situation the organisation is facing at that moment. Executives who are strong in this capability know how to quickly capture the complexities of their environment and explain them to others in simple terms. This helps ensure that everyone is working from the same map, which makes it far easier to discuss and plan for the journey ahead. Leaders need to have the courage to present a map that highlights features they believe to be critical, even if their map doesn't conform to the dominant perspective.

When John Reed was CEO of Citibank, the company found itself in a real estate crisis. At the time, common wisdom said that Citibank would need to take a $2 billion write-off, but Reed wasn't sure. He wanted a better understanding of the situation, so to map the problem, he met with federal regulators as well as his managers, the board, potential investors, economists, and real estate experts. He kept asking, "What am I missing here?" After those meetings, he had a much stronger grasp of the problem, and he recalibrated the writeoff to $5 billion — which turned out to be a far more accurate estimate. Later, three quarters into the bank's eight-quarter programme to deal with the crisis, Reed realised that progress had stopped. He began talking to other CEOs known for their change management skills. This informal benchmarking process led him to devise an organisational redesign.

Throughout the crisis, real estate valuations, investors' requirements, board demands, and management team expectations were all changing and constantly needed to be reassessed. Good leaders understand that sensemaking is a continuous process; they let the map emerge from a melding of observations, data, experiences, conversations, and analyses. In healthy organisations, this sort of sensemaking goes on all the time. People have ongoing dialogues about their interpretations of markets and organisational realities.

ENGAGE IN SENSEMAKING

- Get data from multiple sources: customers, suppliers, employees, competitors, other departments, and investors
- Involve others in your sensemaking. Say what you think you are seeing, and check with people who have different perspectives from yours
- Use early observations to shape small experiments in order to test your conclusions. Look for new ways to articulate alternatives and better ways to understand options
- Do not simply apply existing frameworks but instead be open to new possibilities. Try not to describe the world in stereotypical ways, such as good guys and bad guys, victims and oppressors, or marketers and engineers

At IDEO, a product design firm, sensemaking is step one for all design teams. According to founder David Kelley, team members must act as anthropologists studying an alien culture to understand the potential product from all points of view. When brainstorming a new design, IDEO's teams consider multiple perspectives — that is, they build multiple maps to inform their creative process. One IDEO team was charged with creating a new design for an emergency room. To better understand the experience of a key stakeholder — the patient — team members attached a camera to a patient's head and captured his experience in the ER. The result: nearly ten full hours of film of the ceiling. The sensemaking provoked by this perspective led to a redesign of the ceiling that made it more aesthetically pleasing and able to display important information for patients.

Relating

Many executives who attempt to foster trust, optimism, and consensus often reap anger, cynicism, and conflict instead. That's because they have difficulty relating to others, especially those who don't make sense of the world the way they do. Traditional images of leadership didn't assign much value to relating. Flawless leaders shouldn't need to seek counsel from anyone outside their tight inner circle, the thinking went, and they were expected to issue edicts rather than connect on an emotional level. Times have changed, of course, and in this era of networks, being able to build trusting relationships is a requirement of effective leadership.

Three key ways to do this are *inquiring*, *advocating*, and *connecting*. The concepts of inquiring and advocating stem from the work of organisational development specialists Chris Argyris and Don Schon. Inquiring means listening with the intention of genuinely understanding the thoughts and feelings of the speaker. Here, the listener suspends judgment and tries to comprehend how and why the speaker has moved from the data of his or her

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- Zee Business - Ipsos Indica Survey ranks GBS among India's Top B-School in India.
- OPEN C-Fore Survey merits the institute for 100% placements.
- Human Factor TSI-ICMR B-School Survey 2010 also commends GBS for 100% placements.
- Mail Today ranks GBS among 'Top Choice', 2010.

The illustrious institute has been honoured with the prestigious Asia's best B-School Awards for 'Best Industry Interface' at Singapore. Around 25 colleges participated in this survey. The research cell did the herculean job of collecting data, conducting interviews and indicating the level of quality input, academic input, placements, faculty & purpose and vision & mission of the institution. Indeed, Galgotias Business School scaled much higher in their decision.

Another feather adding to the Galgotias' cap has been the Crisil Business School Grading assigned to Post Graduate Diploma in Management (PGDM) offered by Galgotias Business School. The college has been rated A* and A** on National and State levels respectively.

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experiences to particular interpretations and conclusions.

Advocating, as the term implies, means explaining one's own point of view. It is the flip side of inquiring, and it's how leaders make clear to others how they reached their interpretations and conclusions. Good leaders distinguish their observations from their opinions and judgments and explain their reasoning without aggression or defensiveness. People with strong relating skills are typically those who've found a healthy balance between inquiring and advocating: They actively try to understand others' views but are able to stand up for their own. (See *Build Relationships.*)

We've seen countless relationships undermined because people disproportionately emphasised advocating over inquiring. Even though managers pay lip service to the importance of mutual understanding and shared commitment to a course of action, often their real focus is on winning the argument rather than strengthening the connection. Worse, in many organisations, the imbalance goes so far that having one's point of view prevail is what is understood as leadership.

Effective relating does not mean avoiding interpersonal conflict altogether. Argyris and Schon found that "maintaining a smooth surface" of conviviality and apparent agreement is one of the most common defensive routines that limits team effectiveness. Balancing inquiring and advocating is ultimately about showing respect, challenging opinions, asking tough questions, and taking a stand.

Consider Twynstra Gudde (TG), one of the largest independent consulting companies in the Netherlands. A few years ago, it replaced the role of CEO with a team of four managing directors who share leadership responsibilities. Given this unique structure, it's vital that these directors effectively relate to one another. They've adopted simple rules, such as a requirement that each leader give his opinion on every issue, majority-rules voting, and veto power for each director.

Clearly, for TG's senior team model to work, members must be skilled at engaging in dialogue together. They continually practice both inquiring and advocating, and because each director can veto a decision, each must thoroughly explain his reasoning to convince the others' that his perspective has merit. It's not easy to reach this level of mutual respect and trust, but over time, the team members' willingness to create honest connections with one another has paid off handsomely. Although they don't always reach consensus, they are able to settle on a course of action. Since this new form of leadership was introduced, TG has thrived: The company's profits have doubled, and employee satisfaction levels have improved. What's more, TG's leadership structure has served as a model for cooperation throughout the organisation as well as in the firm's relations with its clients.

The third aspect of relating, connecting, involves cultivating a network of confidants who can help a leader accomplish a wide range of goals. Leaders who are strong in this capability have many people they can turn to who can help them think through difficult problems or support them in their initiatives. They understand that the time spent building and maintaining these connections is time spent investing in their leadership skills. Because no one person can possibly have all the answers, or indeed, know all the right questions to ask, it's crucial that leaders be able to tap into a network of people who can fill in the gaps.

Visioning

Sensemaking and relating can be called the enabling capabilities of leadership. They help set the conditions that motivate and sustain change. The next two leadership capabilities — what we call "visioning" and inventing — are creative and action oriented: They produce the focus and energy needed to make change happen.

Visioning involves creating compelling images of the future. While sensemaking charts a map of what is, visioning produces a map of what could be and, more important, what a leader wants the future to be. It consists of far more than pinning a vision statement to the wall. Indeed, a shared vision is not a static thing — it's an ongoing process. Like sensemaking, visioning is dynamic and collaborative, a process of articulating what the members of an organisation want to create together.

Fundamentally, visioning gives people a sense of meaning in their work. Leaders who are skilled in this capability are able to get people excited about their view of the future while inviting others to help crystal-

BUILD RELATIONSHIPS

- Spend time trying to understand others' perspectives, listening with an open mind and without judgment
- Encourage others to voice their opinions. What do they care about? How do they interpret what's going on? Why?
- Before expressing your ideas, try to anticipate how others will react to them and how you might best explain them
- When expressing your ideas, don't just give a bottom line; explain your reasoning process
- Assess the strengths of your current connections: How well do you relate to others when receiving advice? When giving advice? When thinking through difficult problems? When asking for help?

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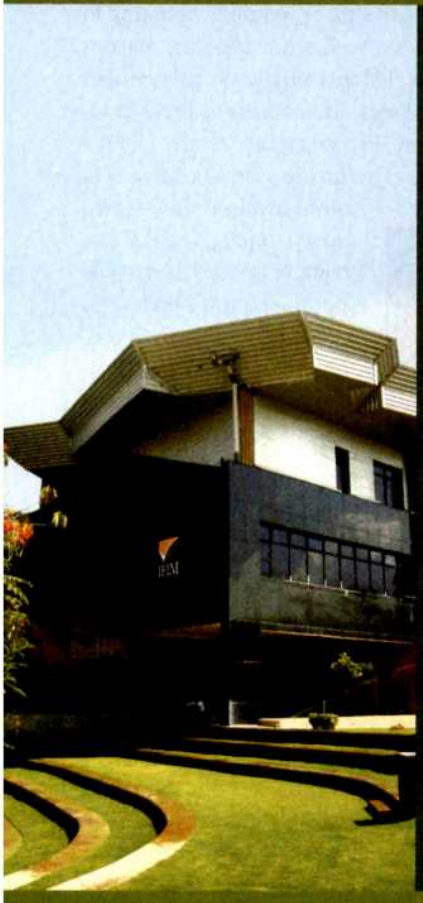

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lise that image. (See *Create a Vision.*) If they realise other people aren't joining in or buying into the vision, they don't just turn up the volume; they engage in a dialogue about the reality they hope to produce. They use stories and metaphors to paint a vivid picture of what the vision will accomplish, even if they don't have a comprehensive plan for getting there. They know that if the vision is credible and compelling enough, others will generate ideas to advance it.

In South Africa in the early 1990s, a joke was making the rounds: Given the country's daunting challenges, people had two options, one practical and the other miraculous. The practical option was for everyone to pray for a band of angels to come down from heaven and fix things. The miraculous option was for people to talk with one another until they could find a way forward. In F.W. de Klerk's famous speech in 1990 — his first after assuming leadership — he called for a nonracist South Africa and suggested that negotiation was the only way to achieve a peaceful transition. That speech sparked a set of changes that led to Nelson Mandela's release from Robben Island prison and the return to the country of previously banned political leaders.

Few of South Africa's leaders agreed on much of anything regarding the country's future. It seemed like a long shot, at best, that a scenario-planning process convened by a black professor from the University of the Western Cape and facilitated by a white Canadian from Royal Dutch Shell would be able to bring about any sort of change. But they, together with members of the African National Congress (ANC), the radical Pan Africanist Congress (PAC), and the white business community, were charged with forging a new path for South Africa.

When the team members first met, they focused on collective sensemaking. Their discussions then evolved into a yearlong visioning process. In his book, *Solving Tough Problems*, Adam Kahane, the facilitator, says the group started by telling stories of "left-wing revolution, right-wing revolts, and free market utopias." Eventually, the leadership team drafted a set of scenarios that described the many paths towards disaster and the one towards sustainable development.

They used metaphors and clear imagery to convey the various paths in language that was easy to understand. One negative scenario, for instance, was dubbed "Ostrich": A nonrepresentative white government sticks its head in the sand, trying to avoid a negotiated settlement with the black majority. Another negative scenario was labelled "Icarus": A constitutionally unconstrained black government comes to power with noble intentions and embarks on a huge, unsustainable public-spending spree that crashes the economy. This scenario contradicted the popular belief that the country was rich and could simply redistribute wealth from whites to blacks. The Icarus scenario set the stage for a fundamental (and controversial) shift in economic thinking in the ANC and other left-wing parties — a shift that led the ANC government to "strict and consistent fiscal discipline," according to Kahane.

The group's one positive scenario involved the government adopting a set of sustainable policies that would put the country on a path of inclusive growth to successfully rebuild the economy and establish democracy. This option was called "Flamingo," invoking the image of a flock of beautiful birds all taking flight together.

This process of visioning unearthed an extraordinary collective sense of possibility in South Africa. Instead of talking about what other people should do to advance some agenda, the leaders spoke about what they could do to create a better future for everyone. They didn't have an exact implementation plan at the ready, but by creating a credible vision, they paved the way for others to join in and help make their vision a reality.

Leaders who excel in visioning walk the walk; they work to embody the core values and ideas contained in the vision. Darcy Winslow, Nike's global director for women's footwear, is a good example. A 14-year veteran at Nike, Winslow previously held the position of general manager of sus-

CREATE A VISION

1. Practice creating a vision in many arenas, including your work life, your home life, and in community groups. Ask yourself, "What do I want to create?"
2. Develop a vision about something that inspires you. Your enthusiasm will motivate you and others. Listen to what they find exciting and important
3. Expect that not all people will share your passion. Be prepared to explain why people should care about your vision and what can be achieved through it. If people don't get it, don't just turn up the volume. Try to construct a shared vision
4. Don't worry if you don't know how to accomplish the vision. If it is compelling and credible, other people will discover all sorts of ways to make it real – ways you never could have imagined on your own
5. Use images, metaphors, and stories to convey complex situations that will enable others to act

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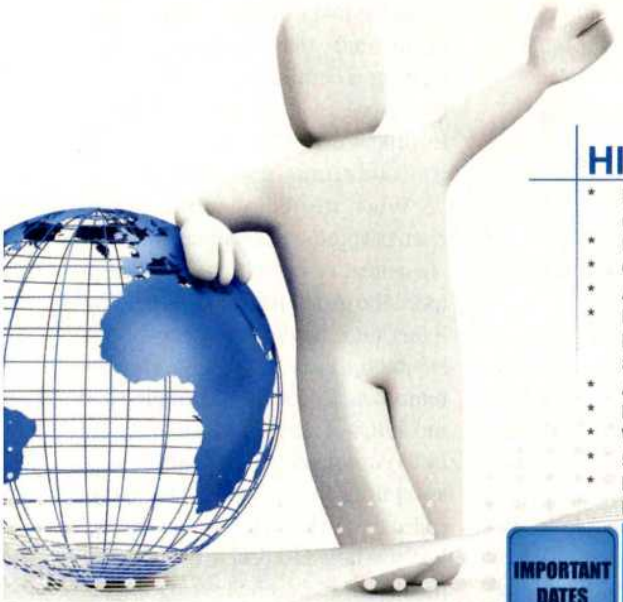

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Prof R K Mishra
Director

tainable business opportunities at the shoe and apparel giant. Her work in that role reflected her own core values, including her passion for the environment. "We had come to see that our customers' health and our own ability to compete were inseparable from the health of the environment," she says. So she initiated the concept of ecologically intelligent product design. Winslow's team worked at determining the chemical composition and environmental effects of every material and process Nike used. They visited factories in China and collected samples of rubber, leather, nylon, polyester, and foams to determine their chemical makeup. This led Winslow and her team to develop a list of "positive" materials — those that weren't harmful to the environment — that they hoped to use in more Nike products. "Environmental sustainability" was no longer just an abstract term on a vision statement; the team now felt a mandate to realise the vision.

Inventing

Even the most compelling vision will lose its power if it floats, unconnected, above the everyday reality of organisational life. To transform a vision of the future into a present-day reality, leaders need to devise processes that will give it life. This inventing is what moves a business from the abstract world of ideas to the concrete world of implementation. In fact, inventing is similar to execution, but the label "inventing" emphasises that this process often requires creativity to help people figure out new ways of working together.

To realise a new vision, people usually can't keep doing the same things they've been doing. They need to conceive, design, and put into practice new ways of interacting and organising. Some of the most famous examples of large-scale organisational innovation come from the automotive industry: Henry Ford's conception of the assembly-line factory and Toyota's famed integrated production system. More recently, Pierre Omidyar, the founder of eBay, invented through his company a new way of doing largescale retailing. His vision was of an online community where users would take responsibility for what happened. In a 2001 *BusinessWeek Online* interview, Omidyar explained: "I had the idea that I wanted to create an efficient market and a level playing field where everyone had equal access to information. I wanted to give the power of the market back to individuals, not just large corporations. That was the driving motivation for creating eBay at the start."

CULTIVATE INVENTIVENESS

- Don't assume that the way things have always been done is the best way to do them
- When a new task or change effort emerges, encourage creative ways of getting it done
- Experiment with different ways of organising work. Find alternative methods for grouping and linking people
- When working to understand your current environment, ask yourself, "What other options are possible?"

Consequently, eBay outsources most of the functions of traditional retailing — purchasing, order fulfilment, and customer service, for example — to independent sellers worldwide. The company estimates that more than 430,000 people make their primary living from selling wares on eBay. If those individuals were all employees of eBay, it would be the second-largest private employer in the United States after Wal-Mart.

The people who work through eBay are essentially independent store owners, and, as such, they have a huge amount of autonomy in how they do their work. They decide what to sell, when to sell it, how to price, and how to advertise. Coupled with this individual freedom is global scale. eBay's infrastructure enables them to sell their goods all over the world. What makes eBay's inventing so radical is that it represents a new relationship between an organisation and its parts. Unlike typical outsourcing, eBay doesn't pay its retailers — they pay the company.

Inventing doesn't have to occur on such a grand scale. It happens every time a person creates a way of approaching a task or figures out how to overcome a previously insurmountable obstacle. In their book *Car Launch*, George Roth and Art Kleiner describe a highly successful product development team in the automobile industry that struggled with completing its designs on time. Much of the source of the problem, the team members concluded, came from the stovepipe organisational structure found in the product development division. Even though they were a "colocated" team dedicated to designing a common new car, members were divided by their different technical expertise, experience, jargon, and norms of working.

When the team invented a mechanical prototyping device that complemented its computer-aided design tools, the group members found that it facilitated a whole new way of collaborating. Multiple groups within the team could quickly create physical mock-ups of design ideas to be tested by the various engineers from different specialties in the team. The group called the device "the harmony buck," because it helped people break out of their comfortable engineering specialties and solve interdependent design problems together. Development of a "full body" physical mock-up of the new car allowed engineers to hang around the prototype, providing a central focal point for their interac-

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tions. It enabled them to more easily identify and raise cross-functional issues, and it facilitated mutual problem solving and coordination.

In sum, leaders must be able to succeed at inventing, and this requires both attention to detail and creativity. (See *Cultivate Inventiveness.*)

Balancing the Four Capabilities

Sensemaking, relating, visioning, and inventing are interdependent. Without sensemaking, there's no common view of reality from which to start. Without relating, people work in isolation or, worse, strive towards different aims. Without visioning, there's no shared direction. And without inventing, a vision remains illusory. No one leader, however, will excel at all four capabilities in equal measure.

Typically, leaders are strong in one or two capabilities. Intel Chairman Andy Grove is the quintessential sensemaker, for instance, with a gift for recognising strategic inflection points that can be exploited for competitive advantage. Herb Kelleher, the former CEO of Southwest Airlines, excels at relating. He remarked in the journal *Leader to Leader* that "We are not afraid to talk to our people with emotion. We're not afraid to tell them, 'We love you.' Because we do." With this emotional connection comes equitable compensation and profit sharing.

Apple CEO Steve Jobs is a visionary whose ambitious dreams and persuasiveness have catalysed remarkable successes for Apple, Next, and Pixar. Meg Whitman, the CEO of eBay, helped bring Pierre Omidyar's vision of online retailing to life by inventing ways to deal with security, vendor reliability, and product diversification.

Once leaders diagnose their own capabilities, identifying their unique set of strengths and weaknesses, they must search for others who can provide the things they're missing. Leaders who choose only people who mirror themselves are likely to find their organisations tilting in one direction, missing one or more essential capabilities needed to survive in a changing, complex world. That's why it's important to examine the whole organisation to make sure it is appropriately balanced as well. It's the leader's responsibility to create an environment that lets people complement one another's strengths and offset one another's weaknesses. In this way, leadership is distributed across multiple people throughout the organisation.

• • •

Years ago, one of us attended a three-day meeting on leadership with 15 top managers from different companies. At the close of it, participants were asked to reflect on their experience as leaders. One executive, responsible for more than 50,000 people in his division of a manufacturing corporation, drew two pictures on a flip chart. The image on the left was what he projected to the outside world: It was a large, intimidating face holding up a huge fist. The image on the right represented how he saw himself: a small face with wide eyes, hair standing on end, and an expression of sheer terror.

We believe that most leaders experience that profound dichotomy every day, and it's a heavy burden. How many times have you feigned confidence to superiors or reports when you were really unsure? Have you ever felt comfortable conceding that you were confused by the latest business results or caught off guard by a competitor's move? Would you ever admit to feeling inadequate to cope with the complex issues your firm was facing? Anyone who can identify with these situations knows firsthand what it's like to be trapped in the myth of the complete leader — the person at the top without flaws. It's time to put that myth to rest, not only for the sake of frustrated leaders but also for the health of organisations. Even the most talented leaders require the input and leadership of others, constructively solicited and creatively applied. It's time to celebrate the incomplete — that is, the human — leader. ⊙

Deborah Ancona *is the faculty director of the MIT Leadership Center in Cambridge, Massachusetts.* **Thomas W. Malone** *is the Patrick J. McGovern Professor of Management at the MIT Sloan School.* **Wanda J. Orlikowski** *is a professor of IT and organization studies at the MIT Sloan School.* **Peter M. Senge** *is a senior lecturer at the MIT Sloan School. This article was published in* Harvard Business Review, *February 2007.* *Copyright @2010 Harvard Business School Publishing Corporation. All rights reserved.*

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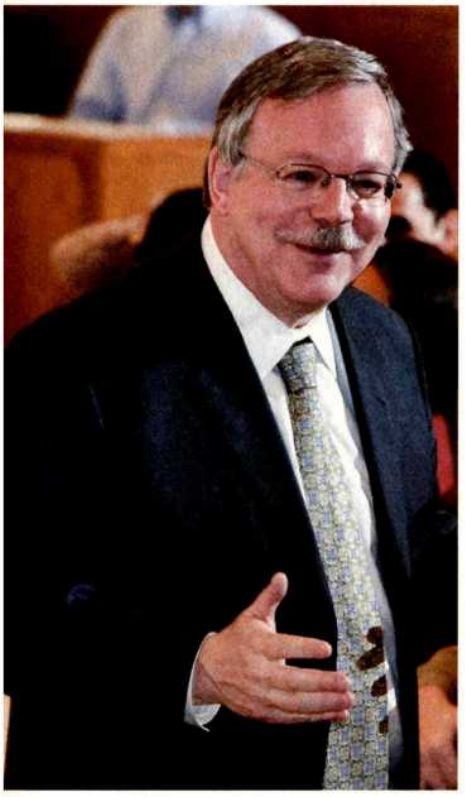
COLUMN BY BLAIR H. SHEPPARD, Dean, The Fuqua School of Business, Duke University

India has Much to Teach

Leading schools from around the world come to India to learn.



After the fall of the Berlin Wall, many pundits argued that the world was going to converge on a single model of political economy, business practice and business education. In its simplest terms, the world would become Anglo-American. A couple of decades later, it is clear the pundits were wrong and we are lucky they were.

Instead of a monolithically consistent world, we have evolved a wonderfully diverse world with different institutional structures, different business models, different ideas; a fascinating mélange of practice and concept from which we can all learn. Thus, unlike the view that derives from the pundits's prediction that US business schools should come to India to teach the country how to practice good business, leading schools from around the world should humbly and inquisitively come to India to see what we can learn, what we can teach and how we can connect the best ideas from everywhere into the local context to learn from and help accelerate some fascinating things. India has much to teach, not just much to learn.

Consider, for example, the evolving use of the cell phone as a commercial device in Indian villages, the adoption of time shared computing as a business model, the invention of the Nano, the utilisation of local energy generation models, profitable small-scale finance and customised service delivery models in dense cities. All of these entail a creative answer to the unique context that is India and involve the development of dramatically different and very effective business models. From social entrepreneurship to finance, consulting to manufacturing, logistics to energy, there are fascinating and creative solutions to business problems being created in India because of India's unique context that can provide ideas and insights from business people around the world. The school that engages with India to watch this creative process in action will have a huge advantage over that which looks at India from afar and contemplates how business works in contrast to the one we know well.

Three aspects of India seem especially relevant as a platform for innovative business models. The combination of scale, price point and logistical challenge all require Indian firms to conceive of approaches that would never be considered in other countries, that once discovered can be adapted with a clear advantage. As an analogy, many of the greatest innovations in US business practice over the last 20 years came from Wal-Mart's effort to provide affordable products and services to the largest portion of the US population that could not afford the typical offerings at other stores. For example, how does one provide affordable artisan bread to someone who has only $65 per month for food. Someone reading this example in India would laugh at what seems a trivially easy problem given the questions of scale, price point and logistics in India. We are seeing thousands of similar innovations in India to those few that made Wal-Mart so successful.

> There are fascinating and creative solutions to business problems being created in India because of India's unique context

Thus, it is with great humility and curiosity that we come to India to not only teach, but also to learn. ⊙

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COLUMN BY M.S. KRISHNAN, Joseph Handleman Professor of Information Systems and Innovation, Ross School of Business, University of Michigan

Times of Innovation

Solving India's problems presents management aspirants an exciting opportunity.

PHOTO COURTESY: REED HUTCHINSON/EVANTA

India seems to be back to more than eight per cent economic growth and the traditional industries of manufacturing and services are back to campus hiring in a big way. As a young management graduate or aspirant ponders over his/her career options, the path taken by their seniors in the past to join multinationals, banks or the usual brand leaders in traditional functional roles may be attractive.

But such a perspective can be myopic. Career opportunities in innovation and entrepreneurship to support India's unique growth curve are likely to be more exciting and morally satisfying. The growth pattern of developed economies that depended on consumerism and excessive consumption of resources at high price points cannot be imported to India with more than half a billion people living in rural parts of the country.

The challenge is to design business models and solutions with price and value propositions that create economic surplus and at the same time help address problems related to health care, education and quality of living. This is the emerging opportunity space for the young management talent.

Some leading multinationals and Indian firms recognise this both as a business opportunity and social responsibility. The handheld electrocardiogram from GE's research centre in Bangalore that costs less than $2,000, or Rs 92,000, a tenth of the cost of a standard machine, and a digitally-aided rural network for cataract surgery by Aravind Hospitals are some of the examples in health care.

The concept of customised fertilisers to improve crop yields and land fertility by Tata Chemicals and an inclusive approach by ITC through connectivity with farmers to improve the rural ecosystem of agriculture and employment are further examples of novel solutions to known problems in agriculture. A rice husk-based water purifier under $25 (Rs 1,150) from Tata and Godrej's Chotukool refrigerator priced under $70 (Rs 3,220) enable a better quality of life in rural India. These solutions also generate profits.

Opportunities for innovation are not limited to products. The successful IPO of SKS Microfinance indicates the confidence placed on this service innovation to reach a new market.

A wave of opportunities for young managers in innovating business models unique to Indian problems may be beginning

Elsewhere, it would have been infeasible to deliver phone services through copper lines to 600 million customers at the price point of the metal — a low-cost business model built on wireless technologies and outsourced networks was the only way. Such instances abound.

I have limited the examples here to make the point that we may be witness to the beginning of a wave of opportunities for young managers in innovating business models and solutions unique to Indian problems. This does not mean that new start-ups are the only way. As noted in some of the examples, opportunities for innovation in large and established companies are plenty. But it requires a different approach to risk and capacity to face uncertainty.

Still, if you look at these as opportunities for innovation and problem solving, this may be the best time to be a young management aspirant. ⊙

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The MBA Heft in Polity

As the growing band of politicians with business degrees swells, the big question is: can B-schools contribute to the quality of governance in India?

BY PUJA MEHRA

A disgraced cricketer declared unfit to manage Team India, a retired Bollywood actor who found little time for his constituency or Parliament, or goons out of jail on bail — all make for daily fare in Parliament. Politics in India has become the refuge of the mediocre, especially in the last two decades of tectonic economic change.

The talent crunch in the political class is seen as the single-largest spoiler in a highly aspirational India, the missing glue that could have held together better the goals of high growth and an equitable spread of wealth. Increasingly, though, a new class of politician is emerging from the ranks — the professionally qualified manager seeking his or her destiny

Nishikant Dubey, 41
BJP MP from Godda, Jharkhand

QUALIFICATION

BA (H) from Marwari College, Bhagalpur, Bihar and MBA from FMS, University of Delhi

WORK EXPERIENCE

Director at Essar for 15 years

SWEATING HIS MBA

Working for Essar taught him how to deal with the bureaucracy. Within a year of becoming MP, he got the Planning Commission to hold quarterly meetings on development programmes for his constituency – a rarity since the Commission normally works only at the level of states.

in the rough and tumble of politics.

At least 27 citizens holding an MBA or Master of Business Administration degree have been voted to the 15th Lok Sabha, a sea change from earlier elected houses. *BT* met some of them — from established political families to debutant politicians — to understand whether B-schools can contribute to, and indeed make a change in the quality of the political class.

Most are confident that top B-schools such as the Indian Institutes of Management can make politics an appealing career option for bright youngsters. If the pay package is competitive and the workplace professional, a career in politics promises greater job satisfaction over selling soaps any day, says Deepinder Hooda, a graduate of the Kelly School of Business at Indiana University.

Among politicians with MBA degrees are Sachin Pilot, 33, Congress MP from Ajmer (Wharton); Ijyaraj Singh, 45, Congress MP from Kota (Columbia); Dushyant Singh, 37, BJP MP from Jhalawar-Baran (Johnson and Wales University, Providence, Rhode Island, and IHTTI School of Hotel Management, Neuchatel, Switzerland); Dinesh Trivedi, 60, Trinamool Congress MP from Barrackpur (University of Texas); and Mukul Balkrishna Wasnik, 51, Congress MP from Ramtek and Minister of State for Social Justice (Department of Business Management, Nagpur University).

The MBA politician has arrived. Rahul Gandhi's back-room team in the 2009 elections was headed by Wharton product Kanishka Singh, who quit Wall Street investment bank Lazard to plunge into politics.

Jyotiraditya Scindia, 39, Minister of State for Commerce and Industry, in the second United Progressive Alliance (UPA) coalition government, is a prime example of how an MBA degree has helped a politician deliver. The Stanford University MBA (Class of 2001), as Minister of State for Information Technology and Posts in the UPA-I government, was the architect of the award-winning Project Arrow that sought to modernise the Department of Posts. He roped in management consultancy McKinsey & Co. and ad firm Ogilvy & Mather for a corporate-like overhaul and branding of India Post.

Almost immediately, key changes were introduced in the way post offices sort mail, packages and money orders. Back-end operations were integrated and performance reviews conducted through video conferences. Motivation levels of the *dakias* (postmen) jumped when their bag and cycle repair allowances were increased after decades and schooling benefits for children available to government employees were extended to them. The result has been speedier deliveries, a better customer experience, and fewer failed deliveries (down to decimal figures) in the 500 post offices covered in the first phase of the project. A replica of Project Arrow is being implemented in South Africa under the same name.

As the junior minister in charge of the Ministry of Commerce and Industry, Scindia is working on delivering the much-awaited government portals aimed at reducing corruption. These portals will help in starting, running and closing businesses without a human interface at local, state or Central government agencies by obtaining clearances (fire, labour, value-added tax, toll certifications, among several others) through simplified online forms.

Precision delivery is something that Scindia shares with the other B-school minister in the UPA-II government: 65-year-old P. Chidambaram. The Union Home Minister, who made it big with the "dream budgets" he

PHOTOGRAPHS BY SHEKHAR GHOSH/WWW.INDIATODAYIMAGES.COM

Deepinder Hooda, 32

Congress MP from Rohtak, Haryana

QUALIFICATION

B.Tech from Birla Institute, M.D. University, Rohtak, and MBA from Kelly School of Business, Indiana University, United States

WORK EXPERIENCE

Infosys, Sabre Holdings, two-time MP from Rohtak – won with the highest margin ever of 4.75 lakh votes

SWEATING HIS MBA

Is turning his constituency, Rohtak, into the education capital of India with campuses of AIIMS and IIM, a film institute bigger than the FTII in Pune, a fashion designing institute along the lines of the NIFT in Delhi, a medical college and other institutes

presented as the United Front government's finance minister in the 1990s, is a top lawyer and also an MBA from the Harvard Business School (Class of 1968). He has been criticised for being a micro-manager but people who have worked with him vouch for his ability to focus on the task at hand. Right from his first day in the Ministry of Finance, in May 2004, as finance minister in UPA-I, "he was clear that this government's big plans for social spending-powered inclusive growth automatically defined the agenda for his ministry: raising tax collections," recalls a bureaucrat who worked with Chidambaram. Collections doubled in the first three years of his stint as finance minister in UPA-I.

In his current assignment, which he accepted in December 2008 following 26/11, Chidambaram has earned the distinction of being the only minister the Opposition lauds. "Few people know he is the biggest reformer," Prime Minister Manmohan Singh had said in praise of Chidambaram in 2006. "As the commerce and industry minister, when we were undertaking economic reforms in the 1990s, he offered to (and went on to) shrink his ministry's and his own clout by a third."

It's not that the grass-roots politicians are not sharp, but, as Prem Das Rai, a first-time Member of Parliament and sole representative of the Sikkim Democratic Front, points out, most are handicapped by the "missing ability to put in place frameworks that the bureaucracy (executing class) can use to convert goals into effective policy". He may not be the Lok Sabha's poster boy but 15 months into the term, Rai, an alumnus of IIM Ahmedabad (Class of 1976) and the Indian Institute of Technology Kanpur, has already taken a crash course in Constitution Law from his lawyer friends, formed alumni networks of IIT Kanpur and IIM-A for consultations, and hired a research team to assist him. He advocates training processes and orientation for politicians based on the needs of the country. There is the Centre for Public Policy at IIM Bangalore, and other institutes such as Gurgaon-based Management Development Institute that offer full-time resident programmes in Public Administration but mostly attract aspiring bureaucrats. However, a programme in public policy and management at IIM Ahmedabad has been scrapped due to inadequate demand from policymakers and government officials.

Nishikant Dubey, first-time MP from Godda, Jharkhand, agrees with Rai's assertion that "the real government is the bureaucracy (and) an understanding of its functioning is important for politicians". The graduate from Delhi university's Faculty of Management Studies (Class of 1994) made his way into politics after 15 years in corporate climes — he was a director at the Essar Group before

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- Industry Oriented Curriculum
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- Term Papers in all Courses
- Industrial Visits
- Tie-up with Top Corporates
- Bank loan Assistance (HDFC)

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- Group Discussions
- Extra curricular clubs
- Students meet festival "Chrysalis"
- Management Games
- Seminars
- Quizzes
- Sports Meet
- Cultural Meets
- Management Fora
- Publications
- Magazines

Students Achievements

a) First prize in all India Summer Internship Competition hosted by Association of International Management Schools (AIMS, USA).

b) Best project formulations at TIE-ISB Connect, Conducted by Indian School of Business, Hyderabad.

c) Best paper presentation award on Rural Marketing, conducted by IIM, Kozhikode.

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* IIM's have no role in selection or in conducting the program

Note : Group Discussion and Personal Interviews will be held at the following places :
New Delhi, Noida, Lucknow, Patna, Gwalior, Nagpur, Kolkata, Bhubaneswar, Vizag, Vijayawada and Tirupathi.

Address for Correspondence : D. Srijanani, Faculty-in-charge - Admissions, Mobile: 0-98498 00819
Vignana Jyothi Institute of Management, Vignana Jyothi Nagar, Bachupally (Via) Kukatpally, Hyderabad-500 090.
Phone 040-2304 4901 / 2304 4902. Fax 040-2304 4953. Email: admissions@vjim.edu.in Website: www.vjim.edu.in

he got a ticket for contesting the 2009 election from the Bharatiya Janata Party. Few parliamentarians, he says, truly have a grip on significant pieces of legislation.

Hooda, who as an engineer worked at Infosys Technologies and Sabre Holdings, has retained his B-school trait of focusing on projects rather than processes, which is contrary to the norm in government of sticking to laid-down procedures even if it means delaying a project. "You can't just set up a desk for making demands in Parliament," he says. His vision for his constituency, Rohtak, is to make it a modern-day Taxila, the ancient Indian city that was a centre of learning. Working with various ministries, he has managed to bring to Rohtak branches of the All India Institute of Medical Sciences and IIM plus a Haryana government film institute bigger than the Film and Television Institute of India in Pune, a Footwear Design and Development Institute, an Institute of Hotel Management promoted by the Union Ministry of Culture and Tourism, a school for fashion designing and a medical college. He has also brought together Kelly School, his alma mater, and IIM Rohtak in a collaboration on the lines of the one between the Harvard Business School and IIM-A. "New Delhi is neutral as it doesn't go out of its way to push states nor would it stymie their efforts," Hooda says. "Anybody who is impatient as I am will succeed with them (Central government)."

Prem Das Rai, 56

Sikkim Democratic Front MP from Sikkim

QUALIFICATION

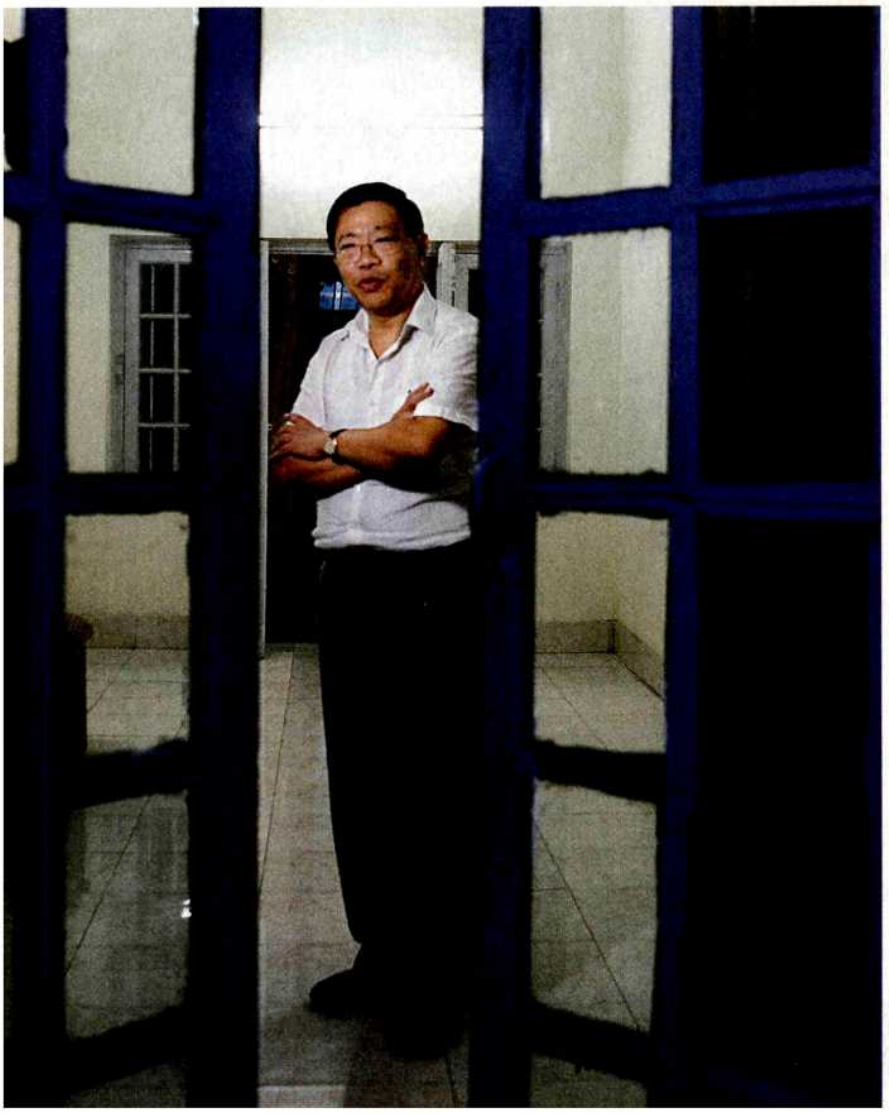
Engineering from IIT Kanpur (1972), MBA from IIM Ahmedabad (1976)

WORK EXPERIENCE

Worked at Bank of America in Calcutta in 1978, but took a hefty cut in salary to return to Sikkim as a project manager in state enterprise Sikkim Flour Mills on the advice of B.B. Lal, the then governor of Sikkim

SWEATING HIS MBA

Leverages his IIM and IIT alumni networks and has hired a team for research. He is the voice of his one-member party in Parliament and uses skills acquired in IIM-A to optimise resource utilisation in his constituency.



Of course, a B-school degree is not a magic wand that can set right the political system. Dubey, for instance, can't think of even one instance so far when his MBA training has helped his political career. His home advantage, caste equations and party base bagged him the votes, he says, and he relies on his understanding of the local affairs to get New Delhi to devote more funds and attention to his Naxal-infested constituency.

The MBA politician has clearly arrived, even otherwise, as Congress Party MP Rahul Gandhi's back-room team showed in the 2009 elections. The head of Team Gandhi was Wharton product Kanishka Singh, who quit Wall Street investment bank Lazard to plunge into politics. With the latest generous hike in salaries for MPs, then, politics may just have become the latest career choice for the country's MBAs. ⊙

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A

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ADMISSIONS PHONE: 0120-2445252
ADMISSIONS E-MAIL: admissions@amity.edu
WEBSITE: www.amity.edu/mba
TUITION FEE: NA
ROOM & BOARD: NA
SIZE OF INCOMING CLASS: NA
ENTRANCE TEST REQUIRED: NA
APPLICATION DEADLINE: NA
APPLICATION FEES: Rs 1,100/-

B

BHARATHIDASAN INSTITUTE OF MANAGEMENT
ADDRESS: Bharathidasan Institute of Management, PB No. 12, MHD Campus, BHEL Complex, Trichy, Tamil Nadu-620 014
ADMISSIONS PHONE: 0431-2520 502/796/733
ADMISSIONS E-MAIL: admissions@bim.edu
WEBSITE: www.bim.edu
TUITION: Rs 2.25 lakh p.a.
OTHER FEE: Rs 36,000 p.a.
ROOM & BOARD: Hostel rent Rs 12,000 p.a. Mess charges Rs 17,000 p.a.
SIZE OF INCOMING CLASS: 120
ENTRANCE TEST REQUIRED: Candidates shortlisted for the GD & personal interviews based on their CAT scores only
APPLICATION DEADLINE: Second week of January every year
APPLICATION FEES: Rs 1,400 for general and Rs 920 for SC/ST/PD

BIRLA INSTITUTE OF MANAGEMENT TECHNOLOGY
ADDRESS: Birla Institute of Management Technology (BIMTECH), 5, Knowledge Park - II, Greater Noida
ADMISSIONS PHONE : 0120-2323001/ 23233010
ADMISSIONS E-MAIL: admission.queries@bimtech.ac.in
WEBSITE: www.bimtech.ac.in
TUITION FEE: Rs 8,00,000 (for two years)
ROOM & BOARD: Rs 1,68,000 for two years
SIZE OF INCOMING CLASS: 180
ENTRANCE TEST REQUIRED: CAT
APPLICATION DEADLINE: December 10, 2010
APPLICATION FEES: Rs 1,700

C

CCIM-BANGALORE
ADDRESS: Christ University Institute of Management, Hosur Road, Bangalore - 29
ADMISSIONS PHONE: 080-4012 9100/9600
ADMISSIONS E-MAIL: admission@christuniversity.in
WEBSITE: www.christuniversity.in
TUITION FEE: Rs 2,40,000 p.a.

ROOM & BOARD: NA
SIZE OF INCOMING CLASS: 420
ENTRANCE TEST REQUIRED: MAT, CAT
APPLICATION DEADLINE: Session I – Jan. 20, 2011, Session II – March 15, 2011
APPLICATION FEES: Rs 1,000

D

DEPARTMENT OF MANAGEMENT STUDIES, IIT DELHI*
ADDRESS: Department of Management Studies, IIT, Delhi, Vishwakarma Bhawan, Shaheed Jeet Singh Marg, New Delhi - 110016
ADMISSIONS PHONE: 011-26591171
ADMISSIONS E-MAIL: hoddms@dms.iitd.ernet.in
WEBSITE: www.dmsiitd.org
TUITION FEE: NA
ROOM & BOARD: NA
SIZE OF INCOMING CLASS: NA
ENTRANCE TEST REQUIRED: JMET (Conducted by IITs and IISc, Bangalore)
APPLICATION DEADLINE: NA
APPLICATION FEE: Rs 700

DEPARTMENT OF MANAGEMENT STUDIES, IIT KANPUR
ADDRESS: IME Department, IIT Kanpur, Kanpur - 208016
ADMISSIONS PHONE: 0512-2597376
ADMISSIONS E-MAIL: head_ime@iitk.ac.in
WEBSITE: www.iitk.ac.in/ime
TUITION FEE: Rs 35,792 per semester, likely to be revised
ROOM & BOARD: Rs 4,000 per month
SIZE OF INCOMING CLASS: 78 (sanctioned strength)
ENTRANCE TEST REQUIRED: JMET (Conducted by IITs and IISc, Bangalore)
APPLICATION DEADLINE: October 8, 2010
APPLICATION FEES: Rs 750 for General/ OBC) & Rs 350 for SC/ST/PD

DEPARTMENT OF MANAGEMENT STUDIES, IIT ROORKEE
ADDRESS: Department of Management Studies, IIT, Roorkee, Uttarakhand - 247667
ADMISSIONS PHONE: 01332-285014
ADMISSIONS E-MAIL: nangvfdm@iitr.ernet.in
WEBSITE: www.iitr.ac.in
TUITION FEE: NA
ROOM & BOARD: NA
SIZE OF INCOMING CLASS: 60
ENTRANCE TEST REQUIRED: JMET (Conducted by IITs and IISc, Bangalore)
APPLICATION DEADLINE: NA
APPLICATION FEES: NA

DEPARTMENT OF MANAGEMENT STUDIES, NIT–TRICHY
ADDRESS: Department of Management Studies, National Institute of Technology, Trichy, Tamil Nadu - 620015
ADMISSIONS PHONE: 0431-2501801
ADMISSIONS E-MAIL: mba@nitt.edu
WEBSITE: http://doms.nitt.edu

TUITION FEE: Rs 34,500 p.a. for General; Rs 9,500 p.a. for SC/ST
ROOM & BOARD: Rs 15,000 p.a. for first year; Rs 12,800 p.a. for second year
SIZE OF INCOMING CLASS: 92
ENTRANCE TEST REQUIRED: CAT
APPLICATION DEADLINE: As per CAT deadline
APPLICATION FEES: Rs 600 for General; Rs 200 for SC/ST candidates

F

FACULTY OF MANAGEMENT STUDIES

ADDRESS: Faculty of Management Studies, University of Delhi, New Delhi - 110007
ADMISSIONS PHONE: 011-27666382-88
ADMISSIONS E-MAIL: admissions@fms.edu
WEBSITE: www.fms.edu
TUITION FEE: Rs 10,000 p.a.
ROOM & BOARD: NA
SIZE OF INCOMING CLASS: 165
ENTRANCE TEST REQUIRED: FMS common entrance tests
APPLICATION DEADLINE: NA
APPLICATION FEES: Rs 750 for General; Rs 200 for SC/ST candidates

FORE SCHOOL OF MANAGEMENT

ADDRESS: Fore School of Management, B-18, Outab Institutional Area, New Delhi - 110016
ADMISSIONS PHONE: 011-41242415/ 26569996
ADMISSIONS E-MAIL: admissions@fsm.ac.in
WEBSITE: www.fsm.ac.in
TUITION FEE: Rs. 7.75 lakh – Rs 4 lakh for First Year and Rs 3.75 lakh for Second Year
ROOM & BOARD: Rs 5,000 per month
SIZE OF INCOMING CLASS: 240 (four sections of 60 each)
ENTRANCE TEST REQUIRED: CAT
APPLICATION DEADLINE: 6th December 2010
APPLICATION FEE: Rs 1,650

G

GOA INSTITUTE OF MANAGEMENT

ADDRESS: Goa Institute of Management, Ribandar, Goa - 403006
ADMISSIONS PHONE: 0832-2490300/ 2444813
ADMISSIONS E-MAIL: admissions@gim.ac.in
WEBSITE: www.gim.ac.in
TUITION FEE: Rs 4,81,500 for six terms
ROOM & BOARD: Rs 5,000 per term
SIZE OF INCOMING CLASS: 229 (2010-12)
ENTRANCE TEST REQUIRED: XAT (for the batch of 2010-12)
APPLICATION DEADLINE: NA
APPLICATION FEES: NA

GREAT LAKES INSTITUTE OF MANAGEMENT

ADDRESS: Great Lakes Institute of Management, 19 North Mada Street, Srinagar Colony, Saidapet, Chennai - 600015
ADMISSIONS PHONE : 044-43123126/ 27/2/8/29
ADMISSIONS E-MAIL: admissions@greatlakes.edu.in
WEBSITE: www.greatlakes.edu.in
TUITION FEE: Rs 8.6 lakh + Rs 55,000
ROOM & BOARD: Rs 1.8 lakh
SIZE OF INCOMING CLASS: 300
ENTRANCE TEST REQUIRED: CAT/GMAT

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- The forms are also available at selected branches of **AXIS Bank, SyndicateBank & IMS Learning Resources.**
- **Application Form can also be downloaded from the Institute's website: www.lbsim.ac.in** & submitted alongwith a DD for Rs.1675/- (Rs.1800/- abroad) in favour of Lal Bahadur Shastri Institute of Management, payable at New Delhi.
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- **Dates of Common Admission Test (CAT) : 27.10.2010 to 24.11.2010**

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DWARKA CAMPUS: Plot No.11/7, Sector-11, Dwarka, New Delhi-110075. Mob.: 09560292297, Ph.: 011-24524745

R K PURAM CAMPUS: Shastri Sadan, Venkateshwara Mandir Marg, Sector-III, R K Puram, New Delhi-110 022. Ph.: 011-2619 1081, Fax : 91-11-2619 1080

E-mail: **admission@lbsim.ac.in**
For further details visit website: **www.lbsim.ac.in**

Director

APPLICATION DEADLINE: 31st December 2010
APPLICATION FEE: Rs 1,500

ICFAI BUSINESS SCHOOL, HYD

ADDRESS: IBS Hyderabad, Donthanpally, Shankarapalli Road, RR District, Hyderabad - 501504
ADMISSIONS PHONE: 040-23385000
ADMISSIONS E-MAIL: info@ibsat.org
WEBSITE: www.ibshyderabad.org
TUITION FEE: Rs 9.5 lakh including Rs 80,000 for admission and Rs 8,70,000 for tuition
ROOM & BOARD: Rs 20,000 per semester for accommodation
SIZE OF INCOMING CLASS: 837
ENTRANCE TEST REQUIRED: IBSAT/GMAT
APPLICATION DEADLINE: 8th December 2010
APPLICATION FEE: Rs 1,200

ICFAI BUSINESS SCHOOL, MUMBAI

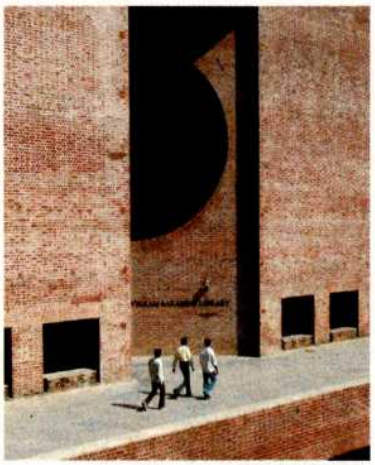
ADDRESS: IBS, Hiranandani Knowledge Park, Off Technology Street, Opposite Hiranandani Hospital, Powai, Mumbai - 400076
ADMISSIONS PHONE: 022-40434343
ADMISSIONS E-MAIL: info@ibsat.org
WEBSITE: www.ibsindia.org
TUITION FEE: Rs 8.5 lakhs for two years including admission & tuition fees
ROOM & BOARD: NA
SIZE OF INCOMING CLASS: 291
ENTRANCE TEST REQUIRED: IBSAT/GMAT
APPLICATION DEADLINE: 8th December 2010
APPLICATION FEE: Rs 1,200

INDIAN INSTITUTE OF FOREIGN TRADE (IIFT), DELHI

ADDRESS: Indian Institute of Foreign Trade, B-21, Qutab Institutional Area, New Delhi - 110016
ADMISSIONS PHONE: 011-26857908
ADMISSIONS E-MAIL: admissions@iift.ac.in
WEBSITE: www.iift.edu
TUITION FEE: Rs 4.15 lakh p.a.
ROOM & BOARD: NA
SIZE OF INCOMING CLASS: 281
ENTRANCE TEST REQUIRED: IIFT conducts its own entrance test
APPLICATION DEADLINE: 3rd September 2010
APPLICATION FEE: Rs 1,500

IIM AHMEDABAD

ADDRESS: Indian Institute of Management, Ahmedabad, IIMA, IIMA Main Campus, Vastrapur, Ahmedabad - 380015
ADMISSIONS PHONE: 079-6632 4633/34
ADMISSIONS E-MAIL: ishita@iimahd.ernet.in
WEBSITE: www.iimahd.ernet.in



TUITION FEE: Rs. 13,70,000 (excluding food charges) for two-year residential PG programme (2010-12)
ROOM & BOARD: Rs 27,000 (hostel and electricity charges) per year
SIZE OF INCOMING CLASS: 380
ENTRANCE TEST REQUIRED: CAT
APPLICATION DEADLINE: As per CAT deadline
APPLICATION FEES: Rs 1,400 for General candidates, Rs 700 for SC/ST candidates and $100 for overseas candidates

IIM BANGALORE*

ADDRESS: Indian Institute of Management, Bannerghatta Road, Bangalore - 560076
ADMISSIONS PHONE: 080-26582450
ADMISSIONS E-MAIL: nasreen.s@iimb.ac.in
WEBSITE: iimbernet.in
TUITION FEE: Rs 11 lakh for two-year PG programme (as per our B-school survey in 2009
ROOM & BOARD: NA
SIZE OF INCOMING CLASS: NA
ENTRANCE TEST REQUIRED: CAT
APPLICATION DEADLINE: As per CAT deadline
APPLICATION FEES: NA

IIM CALCUTTA

ADDRESS: Indian Institute of Management, Calcutta, Joka, Diamond Harbour Road, Kolkata - 700104
ADMISSIONS PHONE: 033-24678300/8304
ADMISSIONS E-MAIL: pgpadmissions@iimcal.ac.in
WEBSITE: www.iimcal.ac.in
TUITION FEE: Rs 4,11,000 for PGP-I and Rs 4,41,000 for PGP-II
ROOM & BOARD: Rs 24,000 as hostel fee each year of PG programme; Rs 18,000 for food charges each year
SIZE OF INCOMING CLASS: 362 (2010-12)
ENTRANCE TEST REQUIRED: CAT, followed by group discussions & personal interview for domestic candidates; also GMAT for overseas candidates
APPLICATION DEADLINE: As per CAT deadline
APPLICATION FEES: NA

IIM INDORE*

ADDRESS: Indian Institute of Management, Indore, Prabandh Shikar, Rau-Pithampur Road, Indore - 453 331, Madhya Pradesh
ADMISSIONS PHONE: 0731-2439660
ADMISSIONS E-MAIL: pgpadmissions@iimidr.ac.in
WEBSITE: www.iimidr.ac.in
TUITION FEE: Rs 10,95,000 for two years (for Indians), and $61,950 for two years for international students
ROOM & BOARD: NA
SIZE OF INCOMING CLASS: NA
ENTRANCE TEST REQUIRED: CAT/GMAT
APPLICATION DEADLINE: As per CAT deadline
APPLICATION FEES: NA

IIM KOZHIKODE

ADDRESS: Indian Institute of Management Kozhikode, IIMK Campus PO - 673 570, Kozhikode, Kerala
ADMISSIONS PHONE: 0495-2809213
ADMISSIONS E-MAIL: admissions@iimk.ac.in
WEBSITE: www.iimk.ac.in
TUITION FEE: Rs 4,00,000 p.a. (including room rent)
ROOM & BOARD: NA
SIZE OF INCOMING CLASS: 319
ENTRANCE TEST REQUIRED: CAT
APPLICATION DEADLINE: 30th September 2010
APPLICATION FEES: Rs 1,400

IIM LUCKNOW

ADDRESS: Indian Institute of Management, Prabandh Nagar, Off. Sitapur Road, Lucknow - 226013
ADMISSIONS PHONE: 0522-2734009
ADMISSIONS E-MAIL: admission@iiml.ac.in
WEBSITE: iiml.ac.in
TUITION FEE: Rs 4,05,000 for two years inclusive of hostel & others rents
ROOM & BOARD: Rs 84,000 (two years)
SIZE OF INCOMING CLASS: 389 for PG programme-I (2010-12); 340 for PG programme-II
ENTRANCE TEST REQUIRED: CAT
APPLICATION DEADLINE: 30th September 2010
APPLICATION FEES: Rs 1,400 for General candidates; Rs 700 for SC/ST candidates

IIM SHILLONG*

ADDRESS: Rajiv Gandhi Indian Institute of Management, Shillong, Mayurbhanj Complex, Nongthymai, Shillong - 793014
ADMISSIONS PHONE: 0364-2308005

Admission Announcement 2011

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PGDM PROGRAMMES

(Approved by AICTE, Ministry of HRD, Govt. of India)

- Two-Year Full-time PGDM Programme
- Two-Year Full-time PGDM (International Business) Programme
- Two-Year Full-time PGDM (Insurance Business Management) Programme
- Two-Year Full-time PGDM (Retail Management) Programme

ELIGIBILITY: A recognized Bachelor's Degree in any discipline with minimum 50% marks in aggregate. Candidates appearing in the final exam of Bachelor's degree are also eligible to apply.

SELECTION: Selection to all programmes is through CAT 2010 and for PGDM (Insurance Business Management) and PGDM (Retail Management) programme is also based on MAT (Dec. 2010)

APPLICATION: Application can be made by any of the following mode:

1. Applying online on website of the Institute followed by payment of Rs. 1750/- through Credit card.
2. Online application form can be filled using scratch card, which can be purchased from BIMTECH Admission office or Channel partner centers or Axis Bank branches (list given on www.bimtech.ac.in) on payment of Rs. 1700/-.

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Industry Partnership from India & Abroad

All India 8th Rank
Among Private B-School
Source : business today
The Nielsen Business Today Ranking Survey, 2009

All India 9th Rank
Among Top Private B-Schools
Source : MBA Univers Ranking of B-Schools 2010

Application Forms available from : September 15, 2010

Last date for submission of Application : December 30, 2010

For greater details, please visit
www.bimtech.ac.in

All correspondence including the requisition of application forms should have "PGP Admissions 2011 - 2013 " superscribed on the envelope and must be sent to :
Manager (Admissions)

Birla Institute of Management Technology
Plot No. 5, Knowledge Park -II, Greater Noida -201306
Tel: (0120) 2323001 to 10, Fax: (0120) 2323012 / 22 / 25
Email: admission.queries@bimtech.ac.in

Declaration: BIMTECH uses CAT 2010 scores for shortlisting candidates for all Programmes.

ADMISSIONS E-MAIL: director@iimshillong.in
WEBSITE: www.iimshillong.in
TUITION FEE: Rs 2,50,000 (excluding boarding & lodging charges)
ROOM & BOARD: NA
SIZE OF INCOMING CLASS: 60
ENTRANCE TEST REQUIRED: CAT
APPLICATION DEADLINE: 30th September 2010
APPLICATION FEES: Rs 1,400 for General and Rs 700 for SC/ST candidates

IIPM MUMBAI*

ADDRESS: Indian Institute of Planning & Management, IIPM Tower, 32, S.V. Road, Bandra (W), Mumbai - 400050
ADMISSIONS PHONE: 022-56987878
ADMISSIONS E-MAIL: infomumbai@iipm.edu
WEBSITE: www.iipm.edu
TUITION FEE: NA
ROOM & BOARD: NA
SIZE OF INCOMING CLASS: NA
ENTRANCE TEST REQUIRED: e-PAT
APPLICATION DEADLINE: NA
APPLICATION FEES: NA

IIPM NEW DELHI*

ADDRESS: India Institute of Planning & Management, IIPM Corporate Office, D-4, Level-4, Rectangle-1, Behind Select City Walk, Saket, New Delhi - 110017
ADMISSIONS PHONE: NA
ADMISSIONS E-MAIL: admissions@iipm.edu
WEBSITE: www.iipm.edu
TUITION FEE: NA
ROOM & BOARD: NA
SIZE OF INCOMING CLASS: NA
ENTRANCE TEST REQUIRED: e-PAT
APPLICATION DEADLINE: NA
APPLICATION FEES: NA

ISB HYDERABAD

ADDRESS: Indian School of Business, Gachibowli, Hyderabad
ADMISSIONS PHONE: 040-23187474
ADMISSIONS E-MAIL: pgpadmissions@isb.edu
WEBSITE: www.isb.edu/pgp
TUITION FEE: Rs 19,50,000
ROOM & BOARD: Rs 2,00,000
SIZE OF INCOMING CLASS: 560
ENTRANCE TEST REQUIRED: GMAT
APPLICATION DEADLINE: 30th November 2010 (for Indian passport holders), 15th January 2011 (for international passport holders)
APPLICATION FEES: Rs 3,000

IMT GHAZIABAD*

ADDRESS: Institute of Management Technology, Raj Nagar, PB No. 137, Ghaziabad
ADMISSIONS PHONE: NA
ADMISSIONS E-MAIL: admissions@imt.edu
WEBSITE: www.imt.edu
TUITION FEE: Rs 11,05,000
ROOM & BOARD: NA
SIZE OF INCOMING CLASS: NA
ENTRANCE TEST REQUIRED: CAT
APPLICATION DEADLINE: 30th September 2010
APPLICATION FEES: Rs 1,600

IMI NEW DELHI

ADDRESS: International Management Institute, B-10, Qutab Institutional Area, Tara Crescent, New Delhi - 110016
ADMISSIONS PHONE: 011-47194176
ADMISSIONS E-MAIL: admissions@imi.edu, ratnaashokan@imi.edu
WEBSITE: www.imi.edu
TUITION FEE: Rs 8,91,000 for two years
ROOM & BOARD: NA
SIZE OF INCOMING CLASS: 120 (PGDM) and 60 (PGDM-HR)
ENTRANCE TEST REQUIRED: CAT

APPLICATION DEADLINE: NA
APPLICATION FEES: Rs 1,500 for one programme, Rs 2,000 for both programmes

J

JBIMS MUMBAI

ADDRESS: Jamnalal Bajaj Institute of Management Studies, H.T. Parekh Marg, Backbay Reclamation, Churchgate, Mumbai - 400020
ADMISSIONS PHONE: 022-22024133
ADMISSIONS E-MAIL: web@jbims.edu
WEBSITE: www.jbims.edu
TUITION FEE: Rs 1,00,000
ROOM & BOARD: NA
SIZE OF INCOMING CLASS: 120
ENTRANCE TEST REQUIRED: CET, CAT
APPLICATION DEADLINE: NA
APPLICATION FEE: Rs 1,150

K

KJ SOMAIYA INSTITUTE OF MANAGEMENT STUDIES & RESEARCH*

ADDRESS: K.J. Somaiya Institute of Management Studies & Research, Vidyanagar, Vidyavihar (E), Mumbai - 400077
ADMISSIONS PHONE: 022-67283000
ADMISSIONS E-MAIL: registrar@simsr.somaiya.edu
WEBSITE: http://simsr.somaiya.edu
TUITION FEE: Rs 1,75,000 p.a.
ROOM & BOARD: Rs 1,13,000 p.a.
SIZE OF INCOMING CLASS: 120
ENTRANCE TEST REQUIRED: CAT
APPLICATION DEADLINE: NA
APPLICATION FEES: NA

L

LAL BAHADUR SHASTRI INSTITUTE OF MANAGEMENT*

ADDRESS: Lal Bahadur Shastri Institute of Management, Shastri Sadan, Sri Venkateshwara Mandir Marg, Sector-III, RK Puram, New Delhi - 110022
ADMISSIONS PHONE: 011-26191081
ADMISSIONS E-MAIL: info@lbsim.ac.in
WEBSITE: www.lbsim.ac.in
TUITION FEE: Rs 4,94,000 (for full course)
ROOM & BOARD: NA
SIZE OF INCOMING CLASS: 120 (General), 60 (Finance)
ENTRANCE TEST REQUIRED: CAT
APPLICATION DEADLINE: NA
APPLICATION FEE: Rs 1,675

LOYOLA INSTITUTE OF BUSINESS ADMINISTRATION, CHENNAI

ADDRESS: Loyola Institute of Business Administration (LIBA), Loyola College, Nungambakkam, Chennai - 600 034
ADMISSIONS PHONE: 044-28177116/ 9444028418
ADMISSIONS E-MAIL: admissions@liba.edu
WEBSITE: www.liba.edu
TUITION FEE: Rs 2.47 lakh p.a.
ROOM & BOARD: Rs 50,250 p.a.
SIZE OF INCOMING CLASS: 120
ENTRANCE TEST REQUIRED: XAT
APPLICATION DEADLINE: 29th January 2011
APPLICATION FEE: Rs 1,000

M

MDI GURGAON*

ADDRESS: Management Development Institute, Mehrauli Road, Gurgaon-122007

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Courses Offered

Post Graduate Diploma in Management (PGDM)
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Post Graduate Diploma in Management-Information Technology (PGDM-IT)
Two Year Full Time Program (Fully Residential)
Post Graduate Diploma in Management-Marketing Management(PGDM-MM)
Two Year Full Time Program (Fully Residential)
Post Graduate Diploma in Management-Tourism Management(PGDM-TM)
Two Year Full Time Program (Fully Residential)
Post Graduate Diploma in Management (PGDM-P/T)
Three Year Part Time Program
All above programmes are Approved by AICTE.

Eligibility

An applicant should have a minimum of three year Bachelor's degree with 50% marks or equivalent in any discipline recognized by the Association of Indian University/ AICTE. Candidates appearing for the final examination for the Bachelor's degree (or equivalent examination) can also apply subject to furnishing evidence to that effect latest by 30th October 2011.

Admission Procedure

- IMS uses CAT/MAT/ATMA/GMAT for short listing candidates for all the above programmes.
- IIMs have no role either in the selection process or in the conduct of the programme.
- Apply to IMS by filling in a separate application form for each programme.
- Foreign/NRI applicants can apply by submitting valid GMAT scores. NRI applicants residing in India will have to appear in CAT/MAT/ATMA.
- Final Selection will be based on the performance in CAT/MAT/ATMA/GMAT, group discussion/ simulation exercises, personal interview and some other parameters.

IMS Prospectus and Application Form Available At:

- **IMS Ghaziabad,** C-238, Bulandshahr Road Lal Quan G T Road Ghaziabad- 201009 (U.P.) (Ph.: 0120-4170600, 2866035-39)
- Application Form and Information Brochure are also available at the branches of Oriental Bank of Commerce. For the address of branches, please visit our website at url: http://www.ims-ghaziabad.ac.in/admission/obc.html
- Application forms can either be downloaded from IMS Website **(www.ims-ghazabad.ac.in)** or can be filled up and submitted online.

Application Fee

The application form along with prospectus can be obtained from the counter of IMS, Ghaziabad by paying an amount of Rs. 1,100/- in cash, as evaluation & processing charge. The candidate who desires to get the same by post should send a DD of Rs. 1,150/- in favour of IMS Ghaziabad payable at Delhi. It can also be downloaded from the website and sent along with a DD of Rs. 1,100/-. Prospectus once sold will not be taken back.

Interview centers

Delhi, Raipur, Kolkata, Chandigarh, Banglore, Guwahati, Indore, Patna, Ranchi, Ahmedabad, Pune and Jaipur.
The Institute reserves the right to cancel any interview centre.

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- 100% mediclaim coverage for resident students • Seprate hostel for boys & girls to accommodate 2000+ Students

100% placement track record (India and Abroad)

For admission and further details, contact: Admission Cell

INSTITUTE OF MANAGEMENT STUDIES

C-238, Bulandshahr Road, Lal Quan, Ghaziabad (U.P.)
Ph.:0120-4170600, 2866035-39, Fax: 0120-2866034
E-mail: director@ims-ghaziabad.ac.in, Website: www.ims-ghaziabad.ac.in

ADMISSIONS PHONE: 0124-45600000
ADMISSIONS E-MAIL: admissions@mdi.ac.in
WEBSITE: www.mdi.ac.in
TUITION FEE: Rs 5,33,000 for first year & Rs 5,62,000 for second year
ROOM & BOARD: NA
SIZE OF INCOMING CLASS: NA
ENTRANCE TEST REQUIRED: CAT/GMAT
APPLICATION DEADLINE: NA
APPLICATION FEES: NA

MANAGEMENT GROUP, BITS PILANI*

ADDRESS: Management Group, Faculty Division - I, Birla Institute of Technology & Services, Vidya Vihar, Pilani - 333031
ADMISSIONS PHONE: 01596-245073
ADMISSIONS E-MAIL: anilkbhat@bits-pilani.ac.in
WEBSITE: http://discovery.bits-pliani.ac.in
TUITION FEE: NA
ROOM & BOARD: NA
SIZE OF INCOMING CLASS: NA
ENTRANCE TEST REQUIRED: Engineering graduates from BITS Pilani or other institutes
APPLICATION DEADLINE: NA
APPLICATION FEES: NA

MUDRA INSTITUTE OF COMMUNICATIONS AND ADVERTISING, AHMEDABAD*

ADDRESS: MICA, Shela, Ahmedabad, Gujarat - 58
ADMISSIONS PHONE: 02717-237946
ADMISSIONS E-MAIL: admissions@micamail.in
WEBSITE: www.mica-india.net
TUITION FEE: NA
ROOM & BOARD: NA
SIZE OF INCOMING CLASS: NA
ENTRANCE TEST REQUIRED: MICAT
APPLICATION DEADLINE: 24th January 2011
APPLICATION FEE: Rs 1,750

N

NARSEE MONJEE INSTITUTE OF MANAGEMENT STUDIES*

ADDRESS: SVKM's Narsee Monjee Institute of Management Studies, V.L. Mehta Road, Vile Parle (W), Mumbai - 400056
ADMISSIONS PHONE: 022-42355555
ADMISSIONS E-MAIL: varsha.parab@nmims.edu
WEBSITE: www.nmims.edu
TUITION FEE: NA
ROOM & BOARD: NA
SIZE OF INCOMING CLASS: 300 (MBA - Core)
ENTRANCE TEST REQUIRED: NMAT
APPLICATION DEADLINE: 31st October 2010
APPLICATION FEE: NA

NITIE, MUMBAI*

ADDRESS: National Institute of Industrial Engineering, Vihar Lake, Mumbai - 87,
ADMISSIONS PHONE: 022-28575590
ADMISSIONS E-MAIL: admissions@nitie.edu
WEBSITE: www.nitie.edu
TUITION FEE: Rs 75,000 p.a. for PGDIT
ROOM & BOARD: Rs 18,000 p.a. for PGDIT
SIZE OF INCOMING CLASS: 127 seats available for PGDIE (their flagship course)
ENTRANCE TEST REQUIRED: GATE for PGDIE, CAT for PGDIM
APPLICATION DEADLINE: 10th December 2010
APPLICATION FEES: Rs 1.000 for General and Rs 500 for SC/ST/PD candidates

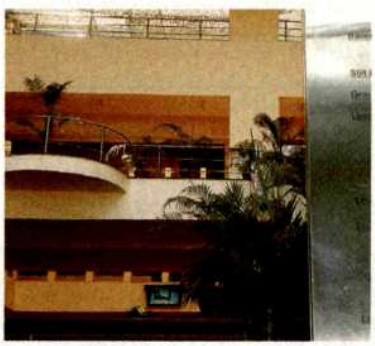
NIRMA INSTITUTE OF MANAGEMENT, AHMEDABAD

ADDRESS: Institute of Management, Nirma University, Sarkhej Gandhinagar Highway, P.O. Chhaordi, Ahmedabad - 382481
ADMISSIONS PHONE: 02717-241900--04
ADMISSIONS E-MAIL: admissions@imnu.ac.in
WEBSITE: www.imnu.ac.in
TUITION FEE: Rs 2,80,000
ROOM & BOARD: NA
SIZE OF INCOMING CLASS: 180
ENTRANCE TEST REQUIRED: CAT
APPLICATION DEADLINE: 30th November 2010
APPLICATION FEE: Rs 1,500

P

PRIN L.N. WELINGKAR INSTITUTE OF MANAGEMENT, MUMBAI

ADDRESS: Prin. LN Welingkar Institute of Management Development & Research, L. Napoo Road, Matunga, C. Railway, Mumbai
ADMISSIONS PHONE: NA
ADMISSIONS E-MAIL: admissions@welingkar.org
WEBSITE: www.welingkar.org
TUITION FEE: Rs 2,50,000
ROOM & BOARD: Is not mandatory, Rs 1,00,000 for AC room and Rs 88,000 for non-AC room per year
SIZE OF INCOMING CLASS: 420



ENTRANCE TEST REQUIRED: CAT/XAT/ATMA/MH CET
APPLICATION DEADLINE: February/March of the academic year applied for
APPLICATION FEE: Rs 1,400

S

SP JAIN INSTITUTE OF MANAGEMENT AND RESEARCH

ADDRESS: SP Jain Institute of Management & Research, Munshi Road, Dadabhai Road, Andheri (W), Mumbai - 400058
ADMISSIONS PHONE: NA
ADMISSIONS E-MAIL: admissions2011@spjimr@ac.in
WEBSITE: www.spjimr.org
TUITION FEE: Rs 8,10,000 for the entire programme
ROOM & BOARD: Rs 80,000 for the entire programme
SIZE OF INCOMING CLASS: 180
ENTRANCE TEST REQUIRED: CAT/XAT or GMAT
APPLICATION DEADLINE: 30th November 2010
APPLICATION FEE: Rs 1,200

SHAILESH J MEHTA SCHOOL OF MANAGEMENT, IIT BOMBAY*

ADDRESS: Shailesh J Mehta School of Management, IIT, Mumbai, Powai, Mumbai - 76
ADMISSIONS PHONE: 022-25722872
ADMISSIONS E-MAIL: admissions@som.iitb.ac.in
WEBSITE: www.som.iitb.ac.in
TUITION FEE: Rs 8,86, 902 for four semesters (General) and Rs 4,86,902 for SC/ST candidates
ROOM & BOARD: NA
SIZE OF INCOMING CLASS: NA
ENTRANCE TEST REQUIRED: JMET (Conducted by IITs and IISc, Bangalore)
APPLICATION DEADLINE: NA
APPLICATION FEES: Rs 750 for General/OBC & Rs 350 for SC/ST/PD candidates

SIES COLLEGE OF MANAGEMENT STUDIES, NAVI MUMBAI

ADDRESS: SIESCOMS, Plot 1-E, Sector 5, Nerul, Navi Mumbai - 400706
ADMISSIONS PHONE: 022-27708376, 27708385 Ext. 222
ADMISSIONS E-MAIL: siescom@siescom.edu
WEBSITE: www.siescoms.edu
TUITION FEE: Rs 1,48,500 p.a. (MMS); Rs 99,000 p.a. (MCA); Rs 90,000 p.a. (PGDM); Rs 75,000 p.a. (PGDM-Pharma & Biotech)
ROOM & BOARD: NA
SIZE OF INCOMING CLASS: 271
ENTRANCE TEST REQUIRED: MMS-Maharashtra

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- ENERGY MANAGEMENT
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- HOTEL MANAGEMENT
- AUTOMOTIVE MANAGEMENT

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For further details, visit our website:www.bharathuniv.ac.in

REGISTRAR

CET, PGDM-MAT
APPLICATION DEADLINE: 30th June (MMS); 15th February 2011 (PGDM)
APPLICATION FEES: Rs 1,200 (MMS); Rs 1,400 (PGDM)

SYMBIOSIS CENTRE FOR MANAGEMENT & HUMAN RESOURCES DEVELOPMENT*

ADDRESS: Symbiosis Centre for Management and Human Resources Development, Infotech Campus, Plot No. 15, Rajiv Gandhi Infotech Park, MIDC, Hinjewadi, Pune - 411057
ADMISSIONS PHONE: 020-22934304
ADMISSIONS E-MAIL: director@scmhrd.edu
WEBSITE: www.scmhrd.edu
TUITION FEE: Rs 2,85,000
ROOM & BOARD: NA
SIZE OF INCOMING CLASS: 180
ENTRANCE TEST REQUIRED: SNAP-Symbiosis National Aptitude Test, Group Discussion and Personal Interview
APPLICATION DEADLINE: NA
APPLICATION FEES: NA

SYMBIOSIS INSTITUTE OF BUSINESS MANAGEMENT, PUNE

ADDRESS: Symbiosis Institute of Business Management, Pune, Symbiosis Knowledge Village, Gram: Lavale via Sus Road, Tal: Mulshi, District: Pune - 411042
ADMISSIONS PHONE: 020-39116000/ 39116007/39116008
ADMISSIONS E-MAIL: admissions@sibm.edu, admissions@sibm.net
WEBSITE: www.sibm.edu
TUITION FEE: Rs 3,75,000 p.a.
ROOM & BOARD: Rs 1,15,000 p.a.
SIZE OF INCOMING CLASS: 209
ENTRANCE TEST REQUIRED: SNAP - Symbiosis National Aptitude Test, Group Discussion and Personal Interview
APPLICATION DEADLINE: 26th November 2010, Institute Registration: 18th December 2010
APPLICATION FEES: Rs 1,550; Institute application fees: Rs 1,000

T

TA PAI MANAGEMENT INSTITUTE

ADDRESS: TA Pai Management Institute, Manipal, Udupi District, Karnataka - 576104
ADMISSIONS PHONE : 0820-2701008/ 2571359, Mobile No.: 097434 89093
ADMISSIONS E-MAIL: admissions@tapmi.edu.in; sudeep.s@tapmi.edu.in
WEBSITE: www.tapmi.edu.in
TUITION FEE: Rs 8,25,000 (two years)

ROOM & BOARD: NA
SIZE OF INCOMING CLASS: 180 for PGDM, 60 for PGDM-Healthcare (New)
ENTRANCE TEST REQUIRED: CAT & GMAT
APPLICATION DEADLINE: 10th December 2009 & 10th December 2010 (proposed)
APPLICATION FEE: Rs 1,300

TISS, MUMBAI*

ADDRESS: Tata Institute of Social Sciences, Deonar, Mumbai
ADMISSION PHONE: NA
ADMISSIONS E-MAIL: ndabir@tiss.edu
WEBSITE: www.tiss.edu
TUITION FEE: Rs 1,12,334
ROOM & BOARD: NA
SIZE OF INCOMING CLASS: NA
ENTRANCE TEST REQUIRED: All India entrance test in mid-December
APPLICATION DEADLINE: NA
APPLICATION FEES: NA

THE INSTITUTE FOR FINANCIAL MANAGEMENT AND RESEARCH*

ADDRESS: Institute of Financial Management & Research, 24 Kothari Road, Nungambakkam, Chennai - 600034
ADMISSIONS PHONE: 044-28303400
ADMISSIONS E-MAIL: pgdm@ifmr.ac.in
WEBSITE: www.ifmr.ac.in
TUITION FEE: NA
ROOM & BOARD: NA
SIZE OF INCOMING CLASS: NA
ENTRANCE TEST REQUIRED: CAT/XAT/GMAT
APPLICATION DEADLINE: 25th February 2010
APPLICATION FEE: Rs 1,200

U

UNIVERSITY BUSINESS SCHOOL, CHANDIGARH*

ADDRESS: University Business School, Arts Block II, Punjab University, Sector 14, Chandigarh - 160014
ADMISSIONS PHONE: 0172-2534701
ADMISSIONS E-MAIL: arubs@pu.ac.in
WEBSITE: www.ubs.puchd.ac.in
TUITION FEE: NA
ROOM & BOARD: NA
SIZE OF INCOMING CLASS: NA
ENTRANCE TEST REQUIRED: CAT
APPLICATION DEADLINE: November 26, 2009
APPLICATION FEES: Rs 1,600 for General and Rs 800 for SC/ST candidates

X

XIM, BHUBANESWAR

ADDRESS: Xavier Institute of Management, Xavier Square, Bhubaneswar - 751 013
ADMISSIONS PHONE: 0674-3983806/ 3012345
ADMISSIONS E-MAIL: amisn@ximb.ac.in
WEBSITE: www.ximb.ac.in
TUITION FEE: Rs 3,23,750
ROOM & BOARD: Rs 39,600 p.a.
SIZE OF INCOMING CLASS: 180 (PGDM)
ENTRANCE TEST REQUIRED: XAT
APPLICATION DEADLINE: 31st December 2010
APPLICATION FEE: Rs 1,000

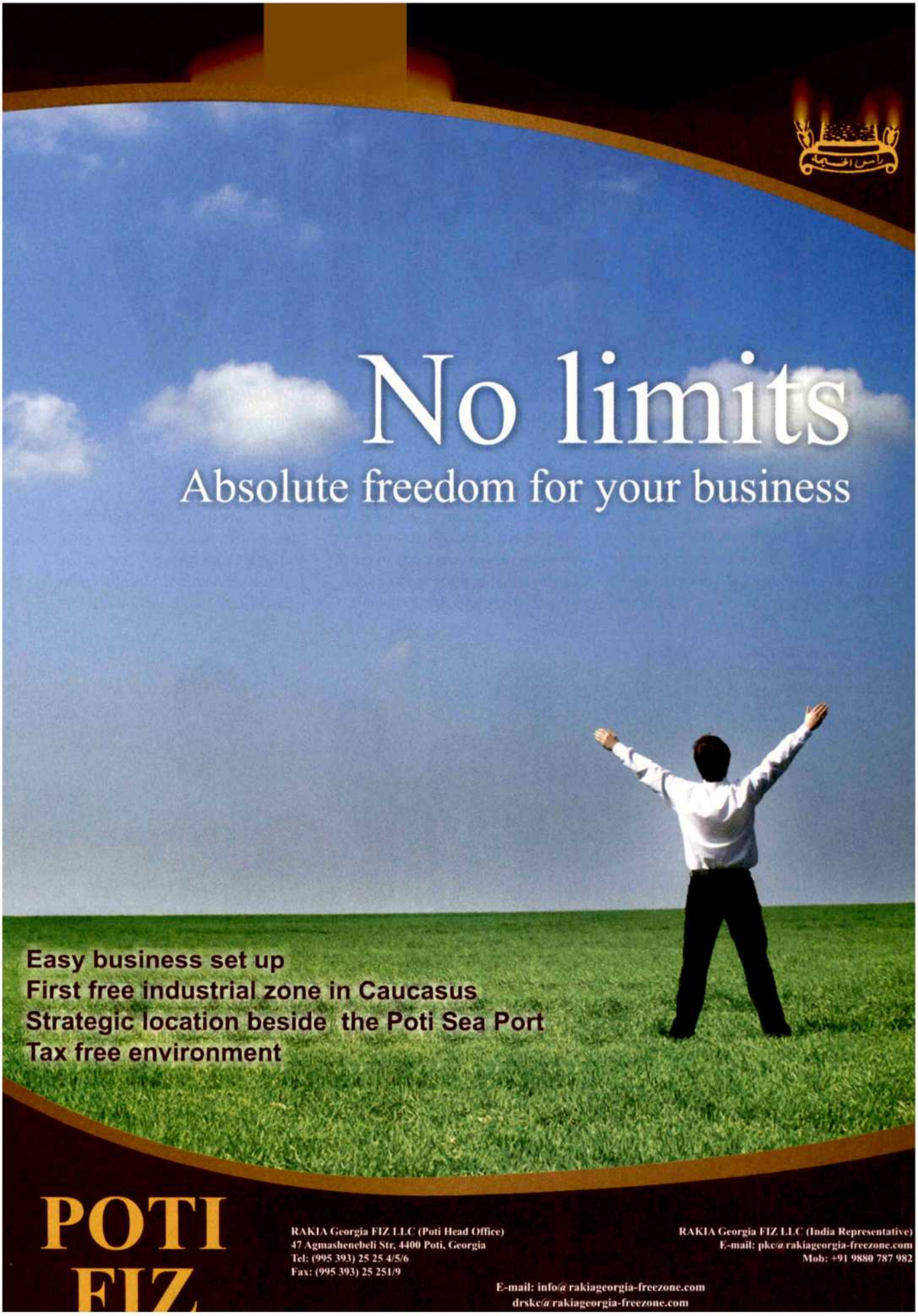
XLRI, JAMSHEDPUR*

ADDRESS: Xavier Labour Research Institute, C.H. Area (E), Jamshedpur - 831001
ADMISSIONS PHONE: 0657-3983203
ADMISSIONS E-MAIL: admin@xlri.ac.in
WEBSITE: www.xlri.edu
TUITION FEE: NA
ROOM & BOARD: NA
SIZE OF INCOMING CLASS: NA
ENTRANCE TEST REQUIRED: XAT
APPLICATION DEADLINE: 31st December 2010
APPLICATION FEE: Rs 900

XISS, RANCHI*

ADDRESS: Xavier Institute of Social Service, Dr. Camil Bulcke Path, PO Box 7, Ranchi - 834001
ADMISSIONS PHONE: 0651-2200873
ADMISSIONS E-MAIL: xiss@xiss.ac.in
WEBSITE: www.xiss.ac.in
TUITION FEE: Rs 38,800 for General and Rs 33,300 for SC/ST candidates
ROOM & BOARD: NA
SIZE OF INCOMING CLASS: NA
ENTRANCE TEST REQUIRED: XAT
APPLICATION DEADLINE: NA
APPLICATION FEE: NA

*Data from B-School website
-Compiled by Vijaylakshmi Vardhan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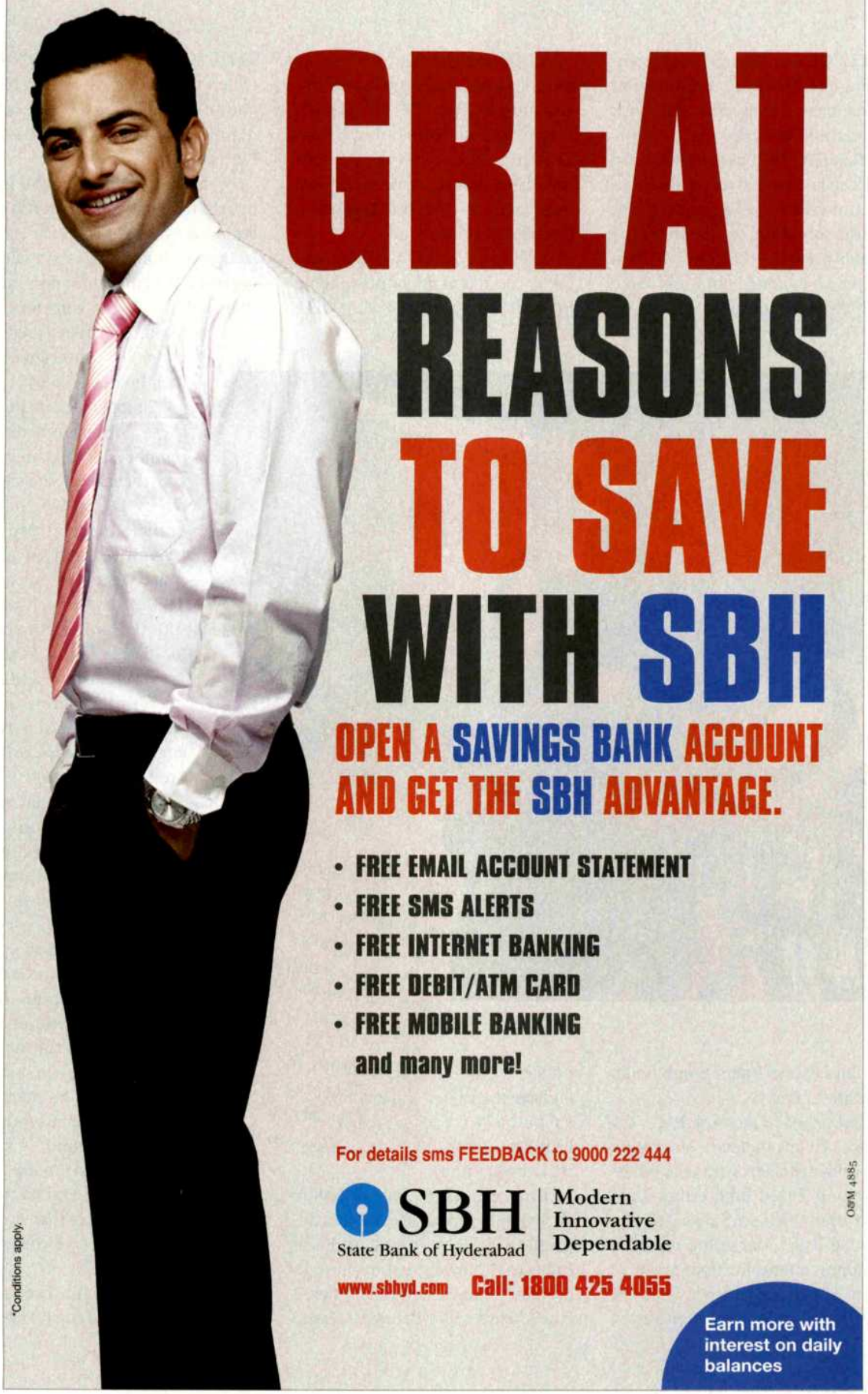
Affordable Luxury

Members-only fashion websites are doing brisk business by offering deep discounts on high-end products. BY ANUMEHA CHATURVEDI

When not clinching deals for the Who's Who of corporate India, Shruti Rajan, a corporate lawyer at one of India's biggest law firms, likes to de-stress with highheelconfidential.com, a blog chock-a-block with front row gossip and Bollywood celeb styles. It was here, earlier this year, that Rajan spotted advertisements of members-only, online sales clubs, brandmile and fashionandyou, and got invited by them. From everyday brands like Esprit and Levi's to designer fragrances and handbags from Chanel

Chic appeal: Ashok Malik (sitting, right), Head, Brand Consulting, the privatesales, with his team

DEEPAK G. PAWAR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and Moschino, these websites promised spectacular merchandise at throwaway prices. She was both amazed and hooked.

Rajan now shops at least twice a week on fashionandyou, and considers the website a boon given her hectic schedule, as most of the brands are just a click away. "As a lawyer, I have long hours, and shopping through this website is like rewarding yourself after tough hours at work," she says.

SHEKHAR GHOSH

www.fashionandyou.com
FOUNDERS: Pearl Uppal (in pic), Harish Behl, Rahul Narvekar
TIME OF LAUNCH: Jan. 2010
BRANDS SOLD: Gucci, Paul Smith, Chanel, Dior, Armani, Versace
NUMBER OF MEMBERS: Over four lakh
AVERAGE ORDER: Rs 2,000
TRANSACTIONS IN A DAY: 1,000
BREAK EVEN: One and a half years

Launched in January 2010, the website claims to have a staggering four lakh members, with sales orders touching Rs 20 lakh a day. Data compiled by comScore Inc., a Nasdaq-listed marketing research company, shows fashionandyou is India's leading luxury, fashion, beauty and style site — it attracted 528,000 unique visitors in May alone. Other such websites are catching up, too. While 99labels claims its sales orders have been growing at over 100 per cent month-on-month, three-month-old theprivatesales expects to break even by December this year.

Offering both high fashion and luxury brands at discounts ranging from 30 to 80 per cent, websites like fashionandyou, theprivatesales, brandmile and 99labels are changing the face of online shopping in India. "The market dynamics are changing, and the Internet is now a great medium to promote high-end brands in tier II cities," says Jeslin Panakal, Group Head, Marketing, The Rose Group, which has partnered with fashionandyou and 99labels to promote the high-fashion watch brand Antonio Bernini.

Panakal says people who have bought high-end luxury brands earlier know what they are all about, and so the touch and feel aspect can be neglected. And the other advantage is that such people can shop for their favourite high-end products from the convenience of their homes, he adds.

Shoppers are invited to these clubs by the existing members or by the websites themselves, which sell everything from fragrances, apparel and accessories to home furnishings. You can get a Rs 18,000 DKNY watch for Rs 4,000, Paul Smith shoes for Rs 5,000 and a Calvin Klein suit for Rs 15,000!

What explains such steep discounts? These websites are modelled on the French online sales club vente-privee.com that offers off-season stock of designer brands at discounted rates. Launched in 2001, vente-privee has been a big hit and a win-win proposition for all — for consumers who got steep discounts on luxury brands, for suppliers looking to liquidate excess stock, and for the website that sells the excess stock and keeps its margins even after discounts. "Every brand — be it premium, high street or luxury — is sitting on excess stock and has very few avenues to liquidate that stock," says Ishita Swarup, co-founder of 99labels.com.

Adds Abhay Gupta, Executive Director of Blues Clothing Company,

Demand More with HP LaserJets.

There's more in store from HP LaserJet's this season!

The world's No.1 printer brand for business, HP LaserJet has been the market leader for over 25 years, thanks to the unmatched technology and customer experience it delivers. HP's latest line-up of LaserJets features industry-first innovations as well as a game-changing value proposition that no other imaging and printing company can match.

Industry-first HP Auto-On/Auto-Off Technology uses up to three times[1] less energy versus sleep mode. HP Auto-On technology intelligently senses activity such as when a print job is sent to the printer and awakens the device automatically from 'off' mode. This complements HP Auto-Off technology, which automatically adjusts the power settings and turns the printer off when there is no print activity. With this innovative technology, SMBs can configure their device to automatically turn off either when it senses there is no activity after a set interval, or at a predetermined time each day to help save energy, using less than one watt of power consumption in Auto-Off mode.

HP Auto On/Auto Off technology can be found in HP LaserJet Pro M1136/M1213nf Multifunction Printer (MFP) and the HP LaserJet Pro P1566/P1606dn Printer series.

HP Auto-Off Technology is available on HP Colour LaserJet CP5225 series, HP's most affordable A3 colour laser printer.

Industry-first 'plug and print' technology-Smart Install
HP Smart Install allows customers to begin printing in as little as two minutes[2] by simply connecting a netbook, notebook or desktop PC to the printer with a USB cable – no CD required. HP Smart Install eliminates the need for CD drivers and also provides an intuitive interface for users to connect printers to PCs via a USB cable. Just plug in the USB cable to the printer, connect to Windows and installation will begin automatically.

New monochrome printers featuring HP Smart Install include the HP LaserJet Pro 1136/M1213nf Multifunction Printer (MFP) and the HP LaserJet Pro 1566/P1606dn Printer series.

HP's most affordable line-up of LaserJet Multifunction printers that can pay for themselves in less than 60 days[3]. Based on qualitative research conducted in developed and developing economies on SMB printing behaviour and device usage, HP has calculated that replacing their current printing, scanning and copying devices with an HP LaserJet Multifunction printer can help SMBs recover the cost of their investment and generate payback for their business in as little as 60 days. The savings are derived in 5 key segments viz. electricity, maintenance, consumables, real estate and leasing costs.

Best-selling 4-in-1s models HP M1522nf (Mono Laser AiO) and HP CM1312nfi (Colour Laser AiO) were selected for benchmarking data in this study.

HP Instant-On technology Instant-On Technology uses cutting-edge fuser technology to produce the first page faster when a printer is coming out of Power Save mode so the print job is done sooner. It uses 50% less energy than traditional fusing while offering up to 50% faster first page out speed. Average office print jobs of 3-5 pages can be finished on HP LaserJets before many printers have even started printing. With Instant-on Technology, HP printers are always ready to print, even in power save mode. You'll also save money by using less energy to warm up, without compromising the speed and quality of your print jobs.

Instant-on technology is available across the entire range of HP LaserJet printers.

Affordable Colour LaserJets that let you print Black and White pages at the same cost as a Black and White LaserJet Colour can make business documents look more professional and improve readership by up to 40%. No wonder all around us from newspapers to mobile phone bills printed communication is going colour. Now you don't have to deny your business the power of colour, even if most everyday documents are Black & White. With the new generation of HP Colour LaserJets you can print Black & White pages at the same cost as a comparable Black & White LaserJet while having the option of professional looking laser colour on demand. Mono CPP parity is available on the new generation of HP ColorLaserJets with MRP starting from Rs 19,899. You can also monitor and control color usage in your office using HP's complimenting solutions like Colour Access Control and Web Jet admin. According to a Gartner study "organisations spend between 1% and 3% of their revenue on print" cutting down a significant chunk of those costs by managing your print environment better. Using the new range of HP LaserJets can translate into thousands of rupees in savings even for small to medium businesses besides maximising office productivity. When it comes to business printing, Demand More with an HP LaserJet!

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HP LaserJet 101 Gifts Everyday offer

Now you can take home attractive prizes when you purchase and register your HP LaserJet printer. All you have to do is purchase any HP LaserJet printer between 27th July and 31st October, 2010 and register your product to get a chance to win 101 gifts EVERY DAY including a car, motorcycles, LCDs etc.

HP LaserJet P1007 3 year warranty offer

Enjoy 1 year standard + 2 years extended warranty carry-in to service centre on HP LaserJet P1007. This offer is valid for customers purchasing between 19th July and 31st October, 2010 on product registration.

You can avail any of the above offers via 3 easy ways. Register your purchase online at www.hp.com/in/laserjet or SMS <LASER> <10 digit printer serial number> (e.g. LASER VNC3F01874) to 56070 or e-mail your name, mobile number and 10 digit printer serial number to HPLaserJets.in@edenred.com T&C apply. For more details visit www.hp.com/in/laserjet

Disclaimer:

[1]For desktop HP LaserJet printers, HP's Auto-On/Auto-Off feature will help imaging and printing use 3 times less energy than in a device's normal sleep mode, automatically powering down printers after a period of activity and putting them into a mode that uses less than one watt of power. HP will re-configure printers to power down automatically after a set amount of time, ranging from one to 30 minutes, though Auto-On/Auto-Off technology offers customers the ability to customise and pre-set their own off times for the printer. This proprietary technology works in concert with HP's Instant-On Technology, which enables customers to produce the first page faster when a printer is coming out of sleep mode based on comparison to the HP LaserJet P1005 Printer.

[2]Actual time depends on computer hardware and OS environment.

[3]The calculations are based on comparison between retail price of HP LaserJet 1213 NF AiO and dollarized monthly median savings of consolidating single function or competitive AiO printing, copying, faxing and scanning devices into HP LaserJet 1213 NF AiO Laser printers, as reported by AsiaInsights study commissioned by HP in 2009 of 40 small medium businesses of various ownership and profiles in Singapore and Shanghai. Select HP LaserJet MFPs can pay for themselves in as little as 17 days or 60 days depending on mature or emerging markets, respectively. The 60 day payback for India is derived from average costs prevalent in India for electricity, maintenance, leasing paper and real estate.

a retailer of international premium and luxury brands: "These websites establish a market for us in the smaller cities, help track buying behaviour patterns and create awareness for our brands where we don't have a reach." Blues Clothing has sold shirts and shoes from Italian brands Cadini and Cerruti on 99labels.

These websites adopt a sell-and-procure model. Typically, the procuring and sourcing team from a website approaches brands and distributors to discuss the inventory and work out the margins and the contract. The contracts range from six months to a year, and the brand promises to reserve a certain amount of inventory for the website. Once the website starts getting orders, payments are made to the brands or the distributors and the blocked inventory is shipped to the website's warehouses. Goods reach the consumers between seven and 20 days of placing an order.

A website's margins depend on the discounts. "Apparel, a category that attracts higher discounts, gives us margins of 20-25 per cent, while in the case of watches and precious jewellery, the discounts are lower and so are the margins — 10-15 per cent," says Swarup.

Access to suppliers and retailers across the globe allow these websites to introduce international designers and lesser known foreign brands to shoppers in India. Brandmile sells creations of New York-based designers Elizabeth and Jones as well as Beirn bags, made famous in popular US sitcom *Sex and the City*. Bangalore-based theprivatesales, the sole website that buys its stock in advance, claims to procure merchandise from brands, suppliers and distributors in Paris. "The idea is to bring the high-street fashion of Paris to India. Apart from well-known brands such as Paul Smith, Hugo Boss, and Clive Christian, we also sell high fashion labels like Balenciaga and Miu Miu, which are not available in India," says Ashok Malik, Head of Brand Consulting at theprivatesales.

However, there are a few disgruntled customers. A journalist at a leading fashion magazine says that a Gucci wallet and Bvlgari cufflinks she ordered from fashionandyou turned out to be imitations. "The GG logo was upside down, the product brochure had incorrect spellings and Chinese lettering and the cufflinks were hardly sterling silver," she says, asking to stay anonymous.

But the websites brush aside these claims and insist that their products are procured from authorised distributors and retailers of these brands across the globe. Says Uppal, "We don't deal in the grey market and the bulk of our procurement is directly from brands and distributors in India." 99labels, on its part, states that it rarely works with distributors. "The majority of our merchandise comes directly from the brands," maintains Swarup.

Shoppers, though, could take a leaf out of lawyer Rajan's book. "I always pick the cash on delivery option so that I can touch and feel the product before paying. The websites have a "no questions asked" return policy and give you virtual credit points for buying something else if you cancel your first purchase," says Rajan.

So, if it's still hard to ignore the allure of a Chanel or a Dior at bargain prices, happy clicking. ⊙

MONEY SHARMA

www.99labels.com
FOUNDERS: Ishita Swarup (in pic), Anchal Jain, Ankur Prakash
TIME OF LAUNCH: Dec. 2009
BRANDS SOLD: Cadini, Giordano, Just Cavalli, Moschino
NUMBER OF MEMBERS: Close to one lakh
AVERAGE ORDER: Rs 2,500
TRANSACTIONS IN A DAY: 200
BREAK EVEN: Two-three years

Once again, SRM Engineering College ranked as one of the top 15 Engineering Colleges in India by

dna & News | Ipsos

World's No.3 Research Agency

DNA-ZEE NEWS SURVEY

DNA-Zee News survey ranks India's top 20 en

IIT-K is India's top engg.

New Delhi: IIT Kanpur (IIT-K) is the leading engineering college in India, according to a new survey that has ranked the country's top 20 engineering colleges in 10 cities.

The extensive survey, commissioned by *Zee News* and *DNA*, was conducted by Ipsos, the world's third-ranked research agency. According to the findings, IIT-Kanpur topped the list, followed by IIT-Delhi and IIT-Mumbai.

IIT-Kharagpur, which was once considered the best engineering college in the country, was ranked fourth in the survey. IIT-Roorkee, IIT-Madras, IIT-Guwahati, BITS Pilani, Delhi College of Engineering, and Institute of Technology-BHU (Banaras) are also in the top 10 bracket.

NIT-Warangal, MN-NIT (Allahabad), **Engineering College of SRM (Chennai)**, College of Engineering (Pune), Visvesvariah Technological Institute (Belgaum), Indian Institute of Information Technology (Hyderabad), Vellore Institute of Technology, Manipal Institute of Technology (Trichy) are among the others who made it to the top 20.

The research was undertaken to evaluate the status of engineering colleges in India.

Contd, P4

Engineering's be

- IIT-Kanpur
- IIT-Delhi
- IIT-Mumbai
- IIT-Kharagpur
- IIT-Rourkee
- IIT-Madras

ENGG. COLLEGES	Overall Ranking	History & Reputation	Admission Process	Course Curriculum	Learning Environment	Faculty Competence	Infrastructure	Foreign Exp. Programs	Research Facilities	Labs / Workshops	Hospital Facilities	Placement
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IIT Delhi	2	2	2	2	2	2	2	1	1	4	2	1
IIT, Mumbai	3	4	4	4	3	3	4	2	2	2	3	3
IIT,Khara	4	3	1	3	4	6	3	3	4	1	4	4
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		8	8	8	9	9	9	9	6	7	10	11
		7	7	9	8	10	7	6	9	11	9	7
illani		8	9	7	7	7	13	8	11	10	8	8
hi College of Engg	10	10	10	7	12	11	10	13	13	9	11	9
Inst. of Technology, Banaras	11	9	9	10	10	8	12	12	14	14	8	12
NIT, Warangal	12		13	12	11	12	8	11	7	12	10	16
MN-NIT, Allahabad			14	11	-	13	11	12	11	18	29	14
Engg College of SRM, Chennai	13		18	13	13	14	14	14	10	13	16	13
College of engineering,Pune	14		12	15	18	15	16	18	16	14	12	17
Visvesvariah Tech. Inst., Belgaum	15		11	17	16	17	15	16	15	20	17	15
IIIT, Hyderabad	16		15	16	17	19	19	20	17	15	13	12
Vellore Institute of Tech	17		16	14	15	17	15	17	18	18	19	18	19
anipal Inst. of Tech, Manipal			17	16	14	20	17	18	19	17	18	15	20	–
ubhai Ambani IIT, G'nagar			19	18	20	16	18	–	–	–	–	–	–	18
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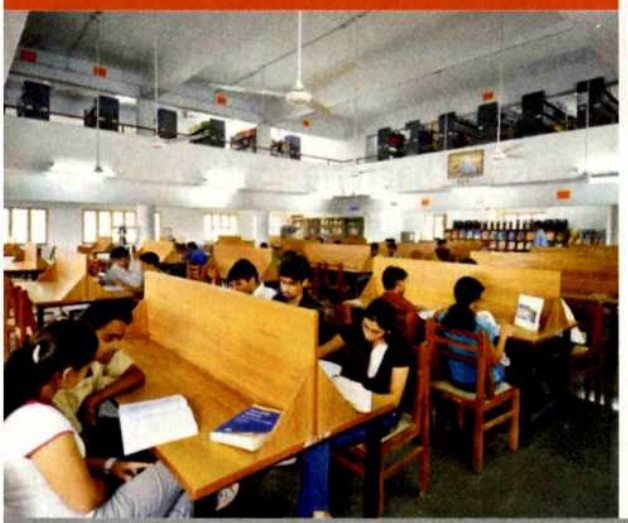

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Eliminating 'avoidable' mistakes: A simple checklist in operation theatres can help slash the risk of infection

VIVAN MEHRA/www.indiatodayimages.com

Intensive Scare

Hospital-acquired infections caused by drug-resistant bacteria are the latest target of drug makers and medical suppliers. BY E.KUMAR SHARMA

On April 30 this year, Hyderabad-based Bharat Biotech was given a blood sample of a patient at a local hospital. The patient had stopped responding to antibiotics and the hospital wanted to know if the culprit was the multi-drug resistant strain of Staphylococcus aureus bacteria. The staph is often present on human skin and in nostrils, but it can infect wounds and become a flesh eater when it morphs.

Bharat Biotech's team spotted a strain of the Acinetobacter baumannii instead, a bacterium resistant to most antibiotics and which is also increasingly becoming a cause of hospital-acquired infections. But infection of the bloodstream set in and the patient died of multiple organ failure before the doctors could start a course of new antibiotics.

Hospital-acquired infections can be picked up during simple or complex procedures — from a cardiac catheterisation to a day surgery, from a stint in the intensive care unit under a ventilator to a night spent in an air-conditioned hospital room.

While drug-resistant bacteria

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SOME CULPRITS

- MRSA or Methicillin-resistant Staphylococcus aureus
- Streptococcus, Enterococcus: lungs, internal tissues, bloodstream
- Acinetobacter baumannii: lungs, bloodstream
- Clostridium difficile: intestines
- Salmonella, E. Coli: abdomen, kidney & urinary bladder
- Pseudomonas aeruginosa: urinary bladder, tissues

HOW THEY STRIKE IN HOSPITALS

- Urinary tract infection from catheter tubes
- Pneumonia in patients with low immunity
- Ventilator-acquired pneumonia
- Post-surgery infections
- Cardiac catheterisation
- Any central line insertions

WHAT HOSPITALS SHOULD DO

- Use a simple checklist of precautions in operation theatres. Peter J. Pronovost of the Johns Hopkins School of Medicine has worked out such a checklist

WHAT DOCTORS AND PATIENTS SHOULD DO

- Avoid prescribing antibiotics indiscriminately
- Track use of antibiotics prescribed for a patient
- Prefer lower-level antibiotics, if possible
- Complete full course of antibiotics
- Patients must not self-medicate

HEMANT CHAWLA

Kiran Mazumdar-Shaw, CHAIRMAN AND MANAGING DIRECTOR, BIOCON

"Biocon's comprehensive care division has been set up to counter this growing challenge"

have been tracked for a decade now, it was the recent alarm over a gene reportedly traced to New Delhi that has put the spotlight back on bacteria that have conquered generations of antibiotics. In India, estimates of hospital-acquired infections vary widely, from 5-12 per cent of patients to up to 30 per cent.

Bharat Biotech got the blood sample because the hospital knows it is trying to develop a vaccine and a biotechnology drug for the Staph. Krishna M. Ella, Bharat Biotech's Chairman and Managing Director, says there are no real estimates of the market for such a vaccine or drug because hospitals are unlikely to reveal their levels of infection.

But going by the fact that anybody going into a hospital for more than 48 hours is a potential user, he sees the market size at up to Rs 5,000 crore. (That's 10 per cent of the population multiplied by the price of the drug, say Rs 500.)

Bharat Biotech is not alone on the battlefront. In August, Biocon launched a division for critical illnesses and hospital-acquired infections. According to Biocon, 10-30 per cent of those admitted to hospitals in India are affected against five per cent in the developed countries.

"Biocon's comprehensive care division has been set up to provide affordable and new solutions to such patients," says Kiran Mazumdar-Shaw, Chairman and Managing Director. Biocon is introducing products to treat sepsis and hospital-acquired pneumonia, among other things.

Bharat Biotech's Ella says the rise of drug-resistant bacteria can be attributed to improper prescription of antibiotics, self-medication and poor hygiene in hospitals, among other things. "We need strict regulation and enforcement of the microbial load in a hospital," he says.

Companies like Johnson & Johnson Medical India are pushing

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for better hygiene. "Today, (only) about 30 per cent of all hospitals use disposable surgical gowns, masks, and caps," says A. Vaidheesh, MD. A disposable gown is made of a liquid-repellent fabric so blood does not stick to it. Reusable gowns develop pores over time in which microbial organisms gather to survive anything but the most stringent sterilisation process.

The hitch is that J&J's disposable gown costs Rs 350 apiece (there are cheaper local varieties). So, J&J is working on a cheaper version. In wound management, it is bringing down the price of haemostats, an arterial clamp to reduce excessive bleeding, to less than Rs 2,000 from up to Rs 5,000 each. For such initiatives, it is relying on tie-ups with local manufacturers.

Whatever the price, the sheer numbers make it a huge business. "Given the prevalence of hospital-acquired infections and other critical illnesses, this (the addressable market for Biocon and its rivals) could itself be worth over Rs 3,000 crore," says a Biocon official.

While a discriminate administration of antibiotics, a focus on processes and better drugs can help, there is need for government intervention, say some like K.V. Subramaniam, President and CEO of Reliance Life Sciences. "We need to restrict the use of higher-end antibiotics to hospital settings and patients with severe infections," he says, calling for a national policy.

But M.K. Bhan, the top bureaucrat in the Department of Biotechnology under the Ministry of Science and Technology, says regulations bring with them the tricky issue of enforcement. "It is more of a behavioural issue... and given the large number of hospitals, it will call for a huge enforcement system," says Bhan.

Peter J. Pronovost, a critical care researcher at the Johns Hopkins School of Medicine in the United States who has pioneered the use of simple checklists to reduce surgery deaths in diverse settings, points out that awareness levels among Indian physicians have increased ten-fold over the past few years. "As against just two or three contacting us in a year for guidance, today about 30-odd physicians contact me in a year (and these are mostly from private hospitals)," he told BT.

Pronovost, whose programme on patient safety has been called the polio campaign of the 21st century, says his checklists can be fine-tuned for India, with more detailing on the use of catheters or tubes used to deliver medication and fluids to patients in a hospital. Such catheters can introduce dangerous bacteria directly into the bloodstream.

Hospital groups such as Apollo Hospitals say all is well, but decline to give any numbers. Raman Sardana, who heads the microbiology function at Apollo, says: "A stringent antimicrobial policy is followed where many antimicrobials are restricted and would not be released for use till it is approved by the infection control team/microbiologist. That apart, there is a review call from the microbiology/infection control team for certain antimicrobials after 48-72 hours of usage."

Dr Devi Shetty, CHAIRMAN, NARAYANA HRUDAYALAYA HOSPITALS

"It is a concern but not an alarming situation in India today... there is no free access to expensive antibiotics, like in the West, so the question of developing resistance to them is low"

DEEPAK G. PAWAR

Others such as Dr Devi Shetty, Chairman of Narayana Hrudayalaya Hospitals and a renowned cardiac surgeon, see things differently. "It is a concern but not an alarming situation in India today and this is simply because of pure economics. There is no free access to expensive antibiotics, like in the West, so the question of developing resistance to them is, therefore, low," he says.

As rising disposable incomes and medical insurance coverage spur the use or abuse of antibiotics, are more drugs, vaccines and disposable gowns the only way forward? Why not focus resources on eliminating avoidable mistakes? As Pronovost says: "Medicine is supposed to heal patients and not harm them." ⊙

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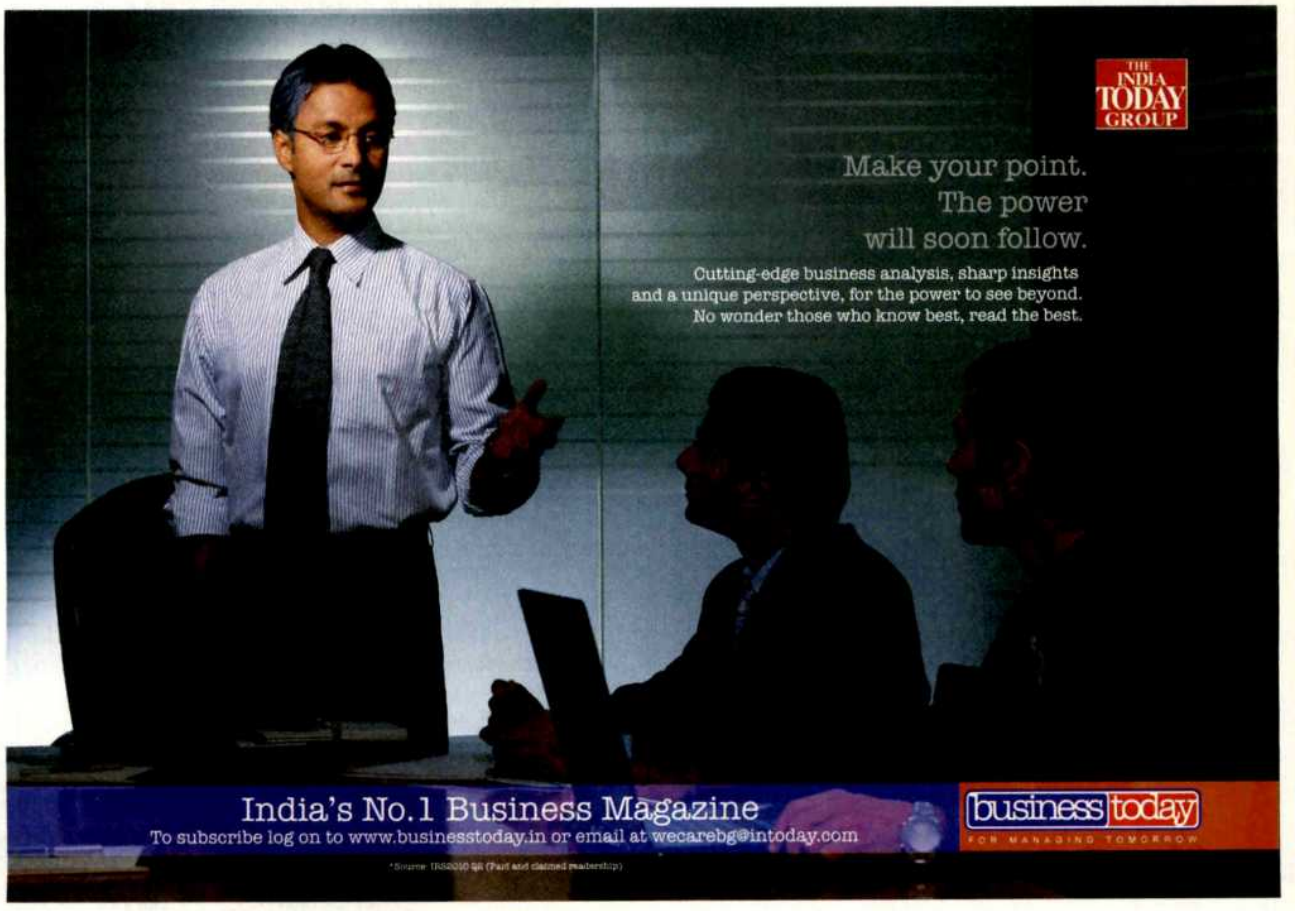

PREPARING PROFESSIONALS FOR GLOBAL COMPETITIVENESS

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R.K. Group of institutions during its 13 years of journey, has proven excellence in imparting quality education. It has seven institutions under its banner, prominent with 700 highly qualified faculty and enrolled with over 9000 students. The 4500 alumni are examples of distinction in their respective fields, majority is recruited in top positions in leading companies while many have become technocrats and entrepreneurs.

The RKGI has its two campuses at Greater Noida and five campuses at Mathura. Under the aegis of R. K. Group of Institutions (RKGI), G. L. Bajaj Institute of Management and Research (GLBIMR) is an autonomous School of Management spreading over 11.5 acres of lush green campus at Knowledge Park III, Greater Noida. GLBIMR offers Post Graduate Diploma in Management (PGDM) - A Two Year Full Time programme, approved by AICTE, Ministry of HRD, Govt. of India with dual specialization in the area of Marketing, Finance, Human Resource Management, Operations Management, International Business, Retail, Banking and Insurance. The vision of GLBIMR is to be a world-class school of management education and research through innovative pedagogy and professional competency building. FAIR (Foundation, Application, Integration and Reinforcement) model is adopted to make the institute distinct from other business schools. The syllabus is reviewed every year to maintain track on latest trends in industry and research.

The Group stands out in courses provided: 6th in UPTU results, 5th in placement, and 8th in the NCR top B-schools (exclusive survey conducted in 2010 by B &M Chronicle), 37th among India's best B school survey by Human factor Magazine, 38th among India's best B school survey by The Sunday Indian, rated A++ B-School, 19th rank among top 50 best B-Schools by EFY, listed in 'Top Choice Colleges in Demand' by Mail Today. The institute has recently received award for the 'B-School with Meritorious Results and Qualified Faculty' from Dr. Farooq Abdullah, Minister of New and Renewable Energy, Govt. of India.

The Group Vice Chairman has received 'Bhartiya Shiromani Puraskar and Gold Medal for Excellence in Management & Technical Education' from Sh. Shekhar Dutt, Governor of Chattisgharh, Sh. Devanand Konwar, Governor of Bihar, Shri K.P.S. Gill, Former Director General of Police Punjab.

THE INSTITUTE OF COMPANY SECRETARIES OF INDIA (ICSI)
IN PURSUIT OF PROFESSIONAL EXCELLENCE

VINAYAK S. KHANVALKAR
PRESIDENT

N.K. JAIN
SECRETARY AND CEO

The Institute of Company Secretaries of India (ICSI) is a premier national professional body (imparting education primarily through distance learning) established by an Act of Parliament (Company Secretaries Act, 1980) to develop and regulate the profession of Company Secretaries. It provides postal and oral coaching and training to students to qualify as Company Secretaries. The ICSI has on its rolls over 25,000 qualified members both in Employment & in practice. Nearly 1.5 lac students are currently enrolled in the Company SECRETARIES Course.

THE COMPANY SECRETARY IS:

- An in-house legal expert; a compliance officer of the Company, An expert in corporate laws, securities laws & capital market and corporate governance, Chief advisor to the board of directors on best practices in corporate governance, Responsible for all regulatory compliance of company and Corporate planner and strategic manager.
- A qualified Company Secretary has openings in employment and can also practice as an independent professional.

PAY PACKAGE:

Campus Interviews are organised by the Institute wherein various companies participate and select suitable Company Secretaries on attractive salaries. Salary packages, of course, depend upon the capabilities and capacities of a person and vary from sector to sector.

A PROMISING B-SCHOOL WITH A DIFFERENCE

Ajay Kumar Garg Institute of Management, Ghaziabad (AKGIM, Ghaziabad) in a very short span of time has emerged as a promising B-school in the National Capital Region (NCR). It aspires to establish its credentials for its academic excellence, quality research, executive development and industry interface. It's major strength lies in a strong team of highly qualified faculty, students, dedicated staff members and state-of-the art infrastructure.

AKGIM is an initiative of Indian Institute of Management and Engineering Society, recipient of Academic Excellence Award as the best Engineering College in U.P under U.P.T.U., second successive year in a row. The driving force behind AKGIM's high level of academic excellence and research is the dedicated team of its faculty members – core and visiting, drawn from academia as well as industry, known for their academic credentials and research contributions. Students often initiate and become part of national/ international level conferences and symposiums. These conferences are not only enriching in their content but also a great learning opportunity for those who organise it. International Conference on Challenges of Globalization and Strategy for Competitiveness 2011 scheduled on Jan 14-15 2011 is one such big initiative.

The placement cell has been able to achieve 100 percent final placement for 2008-10 batch with multiple job opportunities in companies like Future Group, Maruti, Kotak Life Insurance, etc. At present the cell is engaged in providing support to summer internships of the students.

ASIA-PACIFIC INSTITUTE OF MANAGEMENT
AIMING TO NURTURE GLOBAL BUSINESS LEADERS

A.K SHRIVASTAVA
CHAIRMAN

Asia-Pacific Institute of Management was established in 1996 has achieved a status of distinction by following the path envisioned by its founders. Today Asia-Pacific is ranked amongst the top Business Schools in the country. It has attained the much coveted A+ category and is rated as the best in "Programme Delivery" among the super league of Top 20 business schools in India. Asia-Pacific has recently achieved the accreditation from National Board of Accreditation (NBA) for its flagship programme Post Graduate Diploma in Management (PGDM).

Asia-Pacific includes a fine mix of core faculty with experience in academics and industry and visiting faculty with a unique blend of academicians, consultants and senior executives from diverse backgrounds. The core faculty comprises of eminent academicians who are from Boston University, FMS, IIT-D, IISC, IIMB, IRMA, BITS-Pilani etc.

The world class centrally air conditioned and Wi-Fi enabled campus is conveniently located near an upcoming district centre at Jasola in South Delhi and is well connected by road and metro to the rest of Delhi NCR.

Asia-Pacific offers six AICTE approved programmes. Two year full-time programmes includes PGDM (NBA Accredited and equivalent to MBA), PGDM (Marketing), PGDM (International Business), PGDM (Business & Financial Services). Asia-Pacific also offers Three Year Part-Time Programmes which include Executive PGDM and Executive - PGDM (Marketing)

Asia-Pacific is supported by Centre for Corporate Relation (CCR). Which is responsible for organising final placement for the graduating students, is proud of its achievements in placement record which has witnessed the same acclaim despite of the recession.

Asia-Pacific has collaborated with IDRAC for a student exchange programme and has sent seven of its students to the European Marketing Management Program at IDRAC's International School of Management, France this year. To promote the Institute as a centre of international level business studies.

Asia-Pacific endeavour to bring the best in academia, industry interface and infrastructure to build a truly world class facility in order to unleash the potential of young minds to excel in their life pursuits after education.

APEEJAY STYA UNIVERSITY
ADOPTS A NEW APPROACH OF IMPARTING EDUCATION

MRS. SUSHMA BERLIA
PRESIDENT, APPEJAY EDUCATION SOCIETY

The Apeejay Education Society, with over 40 years of Excellence in education, started their University at Sohna, Gurgaon "Apeejay Stya University". Sponsored by the Apeejay Stya Education Foundation, the University is currently located in a sprawling picturesque campus with the state-of-the-art infrastructure. The academic system of the Apeejay Stya University is representative of its unique vision. It encompasses the three interdisciplinary pillars, Technology, Research and Liberal Arts, while allowing scholars to truly explore their potential in the manner they wish. It represents our belief that individuals should take ownership and responsibility for their learning, and that no one once admitted should be limited in their quest for knowledge. It is guided by our commitment to innovation and industry, to academic freedom and diversity, and our motto of man making and nation building. We wish to create complete individuals that become the leaders in their fields. Some of the important fixtures are:

Freedom to choose which degree you want: As long as you finish the requirements of that degree with minimum required marks, along with the other graduation requirements, you can graduate with any available degree in the university.

Freedom to graduate when you want: While we expect most students to graduate with a degree in four years, you have the flexibility to choose when you want to graduate. Semesters off: You have the flexibility to drop out at anytime during your program and rejoin within two years of dropping out.

Freedom to take any subject at anytime: You are free to take any subject at any time as long as there is space in that subject and you meet the prerequisites (which will be published). Yes, this means you can look up the list of subjects being offered in the semester and chose any you want.

Plagiarism: All work that you generate must be original. From time to time you may choose to use the work of others – please cite these. ASU uses a variety of software to check for copying from the internet and other journal sources. If you are caught taking text without properly giving credit to the original author serious disciplinary action will follow.

According to Mrs. Sushma Berlia, Pro Chancellor, Apeejay Stya University: "Our main objective for the university is to provide our students not only 'education for living and livelihood', but also 'education for life' by focusing on the inculcation of human and moral values through the curriculum. Our achievement is in empowering learners and providing them world-class education coupled with a fundamental foundation in leadership and professional skills to face the new liberalized global economy."

The AES has 29 institutions across the country with over 32,000 students, 2200 teachers and a 60,000-strong alumni network. It provides more than 85 courses to choose from, shaping the talents and aspirations of bright young generations, right from the formative years in schools to Post-graduate aspirants. With the launching of the Apeejay Stya University, the Apeejay Education Society continues to stay true to its motto "Soaring High is My Nature", emphasizing the fact that the sky is the limit in the pursuit of excellence.

BIRLA INSTITUTE OF MANAGEMENT TECHNOLOGY

FOSTERING RESPONSIBLE MANAGERS

The air waves, columns of erudite journals and lay press are awash with the theme of re-fashioning MBA education. The context is the aftermath of 2007-08 global meltdown, which in the view of many experts showed up the deficiencies of the conventional MBA education. The business school communities are facing pressures from employers who view the existing MBA programmes as arcane; graduate students on the other hand, are yet to fully come to terms with the need for drastic reinvention of their role from one of entitlement to one of being a useful contributor. The world at large is increasingly concerned with the disconnect between the MBA curricula and the skills and techniques needed to be a responsible professional manager in the real world. BIMTECH and its distinguished faculty are aware of the gap that alluded to. We have taken many corrective measures. Such as exposing our students to the concept of CSR, green environment, rural India's problems and expectations, visions of social activists in person at our campus etc. If I may use the term, 'elitism', it is being done away with.Simultaneously 'must have' skills in the areas of global perspectives, ERP, quality management, ethics, responsible business, social awareness etc form the academic inputs and areas of practice at our Institute.

"Our students are being readied for the paradigm shift of new, 'responsible management' practices."

DR. H. CHATURVEDI
DIRECTOR

ROLE OF CORPORATE HOUSES' IN HIGHER EDUCATION

DR. REENA RAMACHANDRAN
DIRECTOR GENERAL

JK Business School (JKBS) which is promoted by JK Group (leading private sector groups in India) with a great history of its contribution in business and diverse industries and also initiatives in the field of Education, was established in the year 2006 in Gurgaon (Haryana) to train fresh graduates in the field of management. JK Business School (JKBS) is working towards equipping the future managers and develop business leaders capable of responding to challenges in the emerging markets. Industry-interface is an important ingredient in the training process. JKBS is offering PGDM(AICTE approved), and BBA, BBA(II), BBA(BE), BCA programs through a UGC recognized university.

JKBS provides new, exciting and highly relevant ways to learn business skills and apply them globally. JKBS treat students as professional managers and try the best to facilitate them in every possible manner. The contemporary curriculum and enabling environment at the institution provides the corporate world with managers who are good as strategists and are equipped to analyze competitive realities.

INSTITUTE OF MANAGEMENT STUDIES (IMS), GHAZIABAD

NURTURING GLOBAL LEADERS THROUGH EXCELLENCE

Established in 1990, the founding fathers of the Institute of Management Studies (IMS),Ghaziabad had already nurtured a strong vision & mission in their mind: to emerge as a premiere business management institute in the northern region with the mission to churn out global leaders in the field of management and technology through innovations in education and excellence in research.

As per recent CSR – GHRDC B School Survey (November 2009), IMS has emerged 2nd in U.P., 9th in North India & 19th in top B-Schools of Excellence in All India as per CSR-GHRDC Survey (Nov. 2009 issue), and 42nd in Top B-Schools of India as per Hindustan Times Survey (1st Sept. 2010). The key reason for such sterling performance is our core strengths: highly qualified & experienced faculties, high quality students and structured Corporate Resource Centre (CRC), which is a symbol of academia – industry interface.

IMS is fully equipped with modern infrastructure, the state of art Wi-Fi enables campus and infrastructure developed over the years includes spacious, furnished, air-conditioned lecture halls, equipped with latest audio-visual aids and multimedia technology. There is a fully air –conditioned auditorium with a capacity to accommodate 500 people at a time. We emphasize highly on producing 'techno-savvy' leaders.

IMS introduces compulsory modules, like Foreign Languages and PPSP (Professional & Personnel Skills Programme), tremendously enhances acceptability of our future managers by the industry.

What is Worrying Indian CEOs

Business heads in India are not yet ready to splurge on new markets, reveals a survey.

Is it time for India Inc. to pursue new business opportunities after recovery from the slowdown? Perhaps not. Caution still remains the buzzword, or at least that is what *CEO Views 2010 India*, a survey of 30 CEOs carried out by executive search firm BTI Consultants, reveals.

"The clear signals to emerge from the survey are that growth is not assured; that threats linger, and the focus will be largely on existing markets and customers," says James Agrawal, Consulting Director and Head of BTI Consultants in India. Leading global search firm Kelly Services, the holding company of BTI Consultants, has been studying the views of CEOs in India for the last 15 years.

This CEO survey is the first of its kind. "After the recovery, business confidence was perceived to be positive and growing. But when we would meet business leaders, they would sound cautious and hence we decided to understand their concerns," says Agrawal.

According to the survey, there are both near term business concerns as well as more deep-seated labour market issues confronting corporate leaders. The nervousness about the global economy and a shortage of skilled personnel are the key concerns in terms of immediate outlook for business activity.

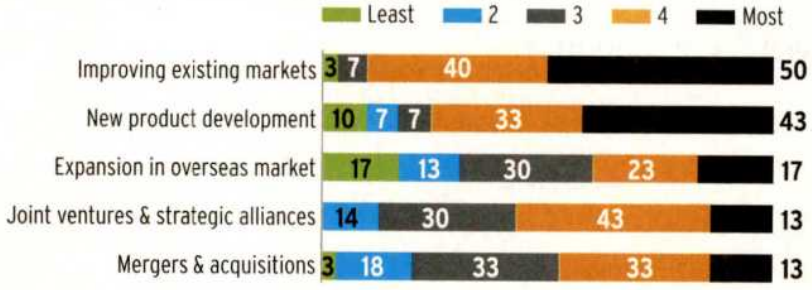
Also, the CEOs plan to focus on existing customers and markets, and will avoid higher-risk expansion strategies. Their key challenge is to maintain profitable growth. "With one eye turned to the financial crisis in Europe and the other on the tentative recovery in the United States, Indian CEOs are not yet ready to splurge on new ventures in such an uncertain market," says Agrawal.

The single biggest HR issue facing the CEOs, however, is talent retention and acquisition. Skills shortage is another top of the mind concern with the industry and is considered a long-term obstacle to national development. Over a third of the CEOs surveyed rank it as the most pressing workforce issue.

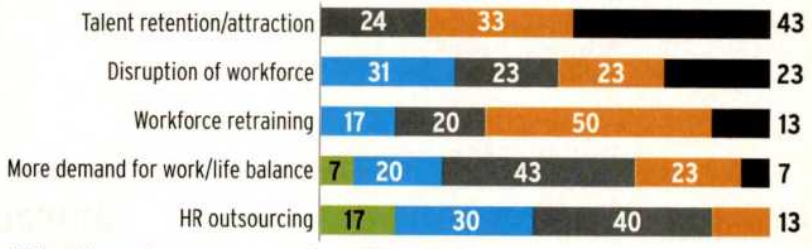
The next critical issue is "disruption of workforce". "The mismatch between the industry's needs and the output of skilled workers remains chronic, and one that impacts productivity and profitability," says Agrawal, adding that lack of employable talent is hurting the plans of the CEOs. ⊙

SAUMYA BHATTACHARYA

Improving Existing Markets is the Most Important Task



Flight of Talent is the Biggest Worry



All figures in per cent

Source: BTI Consultants

KULDEEP

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Oracle
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Quadlabs Technologies Private Limitec
Business Development Manager
Location: Noida
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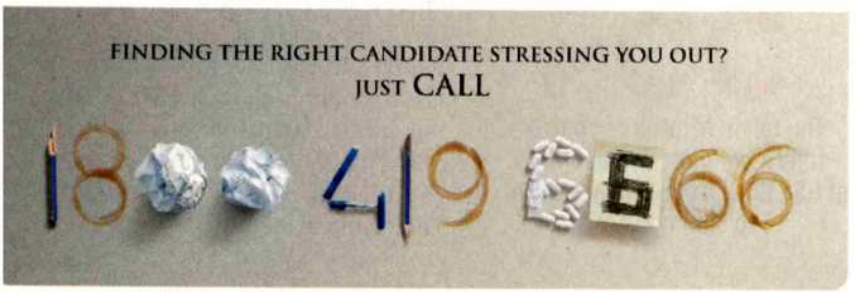

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ANAND SINHA

Investing Against the Market

Given their ability to balance risk and reward and contain losses during a downside, contrarian funds can be a good pick for investors. BY TANVI VARMA

Contrary to perception, investing in contrarian funds does not involve a complex strategy. Yet, these are consistently shunned by investors. To understand why it is so, one must first understand the philosophy behind contrarian investing. It involves buying into companies that are being rejected by most investors because of short-term concerns. Since these stocks are out of favour, one can buy them cheap relative to their long-term fundamental values. Therefore, the reward-risk balance is quite attractive for investors.

"People tend to chase what is popular in the market, which, therefore, is also expensive," says a senior fund manager at Tata Contra Fund, who does not want to be named. The reward-risk proposition is unfavourable if stocks are bought at high valuations. Take the technology boom in 1999-2000, when tech stocks were in demand. Their valuations were so high that even top performers have not been able to repeat the peak prices of that period. For instance, Wipro today quotes at half its peak price of February 2000 (after factoring in stock splits and bonus issues) despite having performed extremely well over the past 10 years.

56%

The fall in returns of contra funds, compared with 64% of BSE-200, from January 2008 to March 2009

Hence, a contrarian approach is advisable whenever the market goes from cheap to fairly valued or is slightly rich in valuations, according to Vetri Subramaniam, Head of Equity Funds at Religare Mutual Fund.

Consider the banking sector during the downturn in 2008, when stock prices of financial companies plummeted. Most contra funds bought banking stocks at the time owing to the strong fundamentals of the Indian banking system and their discounted valuations. Tata Contra bought HDFC Bank,

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Date of Allotment	14th June 2007	

^Benchmark for the respective schemes. **Performance figures are Compounded Annualized Returns as on August 31, 2010.** As per the SEBI standards for performance reporting, 'since inception' returns are calculated on Rs. 10/- invested at inception, viz. date of allotment. All returns are for Regular Plan - Growth Option. For DSP BlackRock Micro Cap Fund, returns for the last 1 year are higher largely due to market recovery. **Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments.**

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which had been punished by the market because of the sizeable ownership of its shares by foreign institutional investors, or FIIs, during this period. It is currently the top holding in the fund's portfolio.

Religare Contra Fund's exposure to metal companies during the trough last year as well as its overweight stance in real estate through stocks like Phoenix and Mahindra Lifespace enabled the fund to give a superior performance. Now, contra fund managers are bullish on the telecom industry due to the negative view of the sector prevailing in the market following intense competition in this space. Despite the broader market gaining momentum this year, sectors such as telecom continue to be beaten down. This is an opportunity for contrarian investing. In spite of the fact that stocks in this sector are facing selling pressure, they could offer good long-term value, according to Tata Contra's fund manager.

REDUCING LOSSES DURING LOW PHASES

UTI and Kotak Contra funds contained the downside to 45% and 51%, respectively, during the previous down phase

	Absolute Returns (%)			CAGR (%)
Fund Name	3 months	6 months	1 year	3 years
L&T Contra	11.15	16.43	103.59	-2.37
ING Contra	6.31	11.68	115.70	11.3
JM Contra	6.88	12.23	74.43	N.A.
Kotak Contra	10.79	16.33	108.90	11.89
Religare Contra	8.95	11.58	129	N.A.
Tata Contra	9.57	13.82	134.63	12.19
UTI Contra	6.80	9.19	86.79	11.16
SBI Magnum Contra	7.89	10.38	106.05	12.33
Sensex	7.22	11.24	93.98	6.76
Eq. Div. category	9.74	15.64	119.56	9.61

Returns as on Aug. 16, 2010

Source: Accord Fintech

Contrarian Strategies

There are several investment strategies followed by contra fund managers. Religare Contra Fund's Fund Manager at Magnum Contra Fund, invests in companies whose fundamentals differ from the market perception.

But while these funds prefer to be contrarian, they still end up knitting a portfolio that has large-cap stocks, much like a diversified equity portfolio, says Fahima Shaikh, Research Analyst at India Infoline. Defending this strategy, Subramaniam says the contrarian approach does not only mean going against the market. "It is supported by a willingness to take on risk early," he says. Tata Tea, for instance, became the top holding of Religare Contra Fund on account of its cheap valuation and limited public holding. Reliance Industries, ONGC and Reliance Infra were added to (or their exposure increased in) the fund due to their underperformance relative to the market. Similarly, Apollo Hospitals is also a top holding as it is in a sector that has potential for growth but has been underperforming the market for some years, says Subramaniam.

VETRI SUBRAMANIAM, Head of Equity Funds at Religare Mutual Fund

"The contrarian approach not only means going against the market, but also a willingness to take on risk early"

Subramaniam specifically looks for companies that have valuable assets or ones that are in a turnaround phase and where the core business is their intrinsic strength. He also looks for absolute and cheap valuations relative to the sector while screening for underperformance, as well as limited public holding relative to the market. Pankaj Gupta,

Bad news can strike even the bluest of blue-chip companies, says Tata Contra's fund manager. At such times, contra funds buy into companies that have strong fundamentals but are discounted because of short-term performance issues, he adds. So, even though Tata Contra's portfolio has stocks that are blue-chips, they were bought when the stocks were struggling in the market.

Fund managers feel this contrarian strategy always remains relevant and works in all market phases. "This is because we don't

BLUE-CHIP INVESTMENTS

Though a majority of the top five holdings are blue-chip companies, their stocks were bought when they were struggling in the market

Scheme	Launch Date	AUM (Rs cr)	Top 5 holdings (company-wise)
L&T Contra	Mar. 10, '06	10.01	Bharti Airtel, TCS, Hindalco Industries, Petronet LNG, YES Bank
ING Contra	Sept. 7, '07	13.98	Reliance Industries, ITC, HDFC Bank, ONGC, Indraprastha Gas
JM Contra	July 27, '05	233.98	Cipla, Bajaj Electricals, Jaiprakash Associates, ICICI Bank, IHC
Kotak Contra	Mar. 16, '06	87.91	Wipro, TCS, GlaxoSmithKline Consumer Healthcare, RIL, Zensar Technologies
Religare Contra	Apr. 12, '07	68.01	ONGC, BHEL, Grasim Industries, Tata Consultancy Services, Bharti Airtel
Tata Contra	July 7, '99	3,625.10	HDFC Bank, Hindalco, Bharti Airtel, Hindustan Unilever, GSFC
UTI Contra	Nov. 14, '05	122.38	Infosys, ICICI Bank, BHEL, Vardhman Textiles, Union Bank of India
SBI Magnum Contra	Apr. 18, '06	227.8	Reliance Industries, ICICI Bank, SBI, Bharti Airtel, ONGC

AUM, top 5 companies as on July 31, 2010

buy into broad markets but individual companies, and at any given time, some sectors or companies are out of favour," says the Tata Contra fund manager.

However, the contrarian philosophy may not work well when the market goes from being slightly rich to being extravagantly overpriced in terms of valuations. This explains why contra funds were overlooked during the bull market between 2004 and 2008. In fact, the category manages a meagre Rs 350 crore in assets under management (AUM), which is barely five per cent of the total equity category.

So, should you invest in contra funds? According to Shaikh, one would be better off investing in a basket of blue-chip funds that have a proven track record with strong credentials. Catching a trend before the herd is not possible at every market cycle. However, contra funds expose a part of the portfolio to defensive stocks, which enable them to sail smoothly during the trough, she adds. During the down phase between January 2008 and March 2009, the contra fund category delivered a negative return of 56 per cent, even as the BSE-200 fell 64 per cent. UTI Contra Fund contained its downside to 45 per cent, while SBI Contra and Kotak Contra fell by 53 and 51 per cent, respectively, during the same phase. While Tata Contra has been the best performing fund in the category, the Religare and ING Contra funds have outperformed the BSE Sensex and the average diversified equity category over the past one year. These funds have done well as far as three-year returns are concerned, too.

FAHIMA SHAIKH, Research Analyst at India Infoline

"Contra funds expose a part of their portfolio to defensive stocks, which enables them to sail smoothly during the trough"

On the flip side, this defensive approach makes these funds underperformers during a bull phase. "If an investor is looking to make a quick buck in 3-6 months by investing in momentum stocks, then this is not the fund for him," says the Tata Contra fund manager. In the contrarian theme, one is always trying to get the reward-risk balance in one's favour. So, it is best for investors who have a low-risk appetite and a suitable investment horizon such as the one advised for any diversified equity fund. A five-year horizon would be ideal for an equity fund because equity markets can be volatile in the short term. Such a period helps an investor capture the gains from the underlying business growth of a company even if he is caught on the wrong side of volatility.

Also, the risk of the stock calls not panning out is quite high owing to the contrarian strategy that such funds adopt. There are times when a sector or a stock takes long to turn around; there's also the possibility that it never finds favour in the market. For instance, Magnum Contra Fund's high exposure to telecommunication stocks has hurt the fund's performance of late, as have the calls taken within the energy sector, such as on oil marketing companies.

So, pick out-of-favour companies with strong fundamentals and you are bound to land some winners in due course. Going against the market is not such a difficult strategy after all. ⊙

Courtesy: *Money Today*

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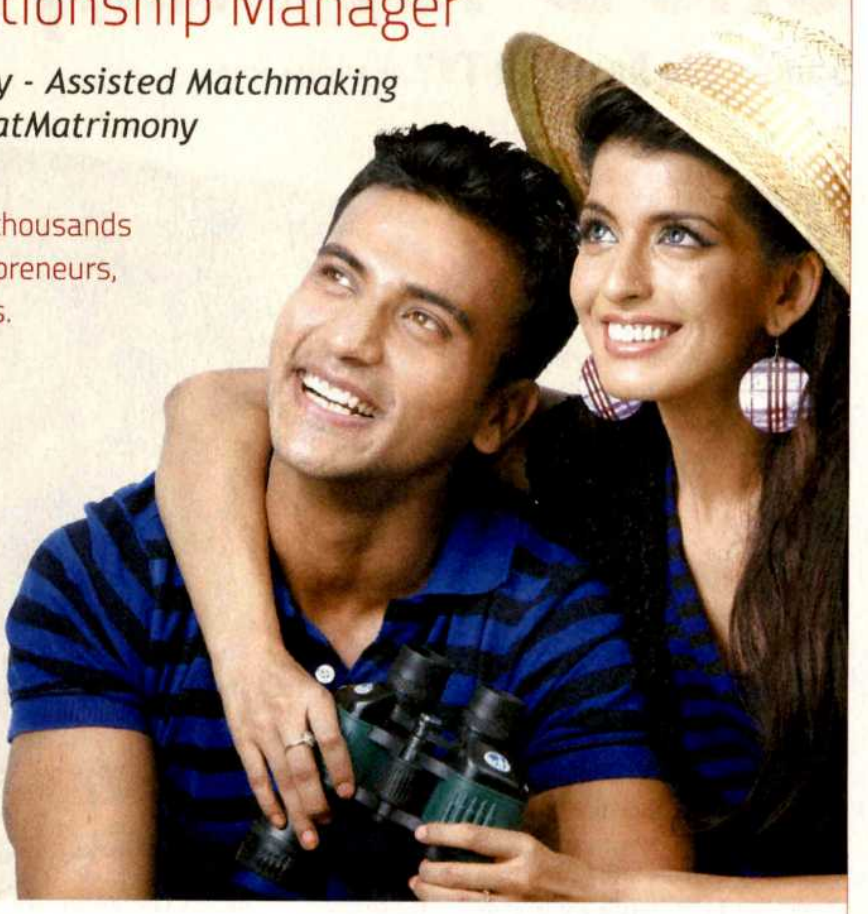

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One D Too Many

Should you buy a 3D TV? BY KUSHAN MITRA

This column has seldom been a critic of technology — quite the contrary, in fact. Yet, the current trend of consumer electronics firms such as Samsung, LG and Sony promoting 3D televisions leaves us cold. Not because the technology itself is inferior, but because it doesn't yet have a supporting eco-system and is unreasonably expensive to boot.

A few years ago, if you were to buy a high definition TV, you would have run into the same argument — lack of content. While game consoles such as the Sony PS3 and Microsoft Xbox 360 had HD output, that was not reason enough to spend stupendous amounts on them. Now, however, there is a lot more — from HD channels to downloadable HD videos. But 3D is still stuck in a desert, and the hardware to play back 3D is still far too expensive.

How expensive? As for Samsung products, the price of a 40-inch Full-HD LCD panel is Rs 65,900. A much-slimmer Full-HD LED TV of the same size starts at Rs 86,000 and a 3D LED panel is Rs 130,000. Note that these are maximum retail prices, actual prices could be lower, but not by much. To play back 3D content, you will also need a newer Blu Ray Disc (BD) player that supports 3D — that will add another Rs 20,000. Simply put, you pay double the HD price to enjoy a small pool of 3D content. And while more content is being shot in 3D, releases are few and far between — unless you enjoy B-grade Hollywood horror flicks such as *Piranha 3D*.

There is another, and rather irritating, problem with 3D — the glasses. Different manufacturers are using different technologies to display 3D on their screens and this means that the glasses are not necessarily inter-changeable. One of the joys of having a big-screen TV is having a lot of people over to watch a movie or a sports event. So if you want to watch it on 3D you will need a lot many glasses. And the glasses are not cheap red or blue cellophane ones, either.

3D TV will become standard over the next few years – in itself a good reason to hold out, particularly as goggle-less TV is also being developed

Still, we do believe that 3D will become standard over the next few years. Given the speed at which technology is evolving, it should not take too long, either. No doubt more 3D content is on its way — Sony for one is looking at developing 3D games for its PS3 console by 2011. This in itself is a good reason to hold out against buying a 3D TV right now, particularly as goggle-less TV is also being developed. And just as HDTV prices have dropped from stratospheric levels over the past two years, 3D TV prices will also drop, maybe to the point where 3D becomes a standard feature on most flat-panel televisions. For the moment, however, if you wish to be at the digital vanguard, we suggest that you buy an iPad instead. ⊙

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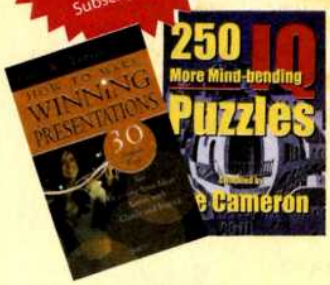

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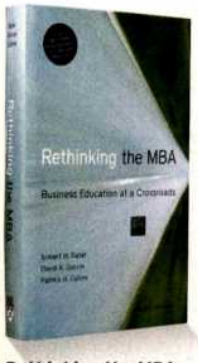


Rethinking the MBA: Business Education at a Crossroads

AUTHORS: Srikant M. Datar, David A. Garvin, Patrick G. Cullen

PUBLISHER: Harvard Business Press

PAGES: 378

PRICE: Rs 895

Perfect Timing

The book addresses the gaps in B-school education and provokes thoughtful discussions, says BALA V.BALACHANDRAN

The US financial meltdown in 2008 and the spread of the contagion, the consequent clamour for new models of business education and India's steps to revamp the education system form the perfect backdrop for this timely and compelling book. Datar et al. have put together comprehensive analyses of the world's six best-known B-schools — Chicago's Booth School of Business (discipline-based and flexible curriculum), INSEAD of France (globalisation and the fast-track programme), University of North Carolina (creative leadership development), Harvard (general management and practical case study), Yale (integrative approach and large-scale change) and Stanford (elite, customised programmes).

The book uses information from a host of sources, including interviews with deans, to present a comprehensive and constructive discussion on rethinking the MBA curriculum.

For each of the B-schools examined in the book, there is a case study on its innovations, apart from analysis and interpretation. The chapters dealing with the MBA marketplace, the demand-supply equation, curriculum and pedagogy, identification of the concerns and gaps and meeting global and leadership challenges, have all been well researched.

My only mild gripe, if you want to call it that, is that Indian and Chinese schools have not found a place in the book. I truly believe that India and China are integral to any discussion with a global perspective. The IIM Ahmedabad is a case in point. The authors could have included a case study on the IIM-A, which boasts of a stellar list of alumni, including C.K. Prahalad and Datar himself.

But the book does address the gaps in MBA curriculum and its current needs, and provokes thoughtful discussions. Chapter 4 is perhaps the most important as it delves into all the value-additions that MBA courses must contain. These include:

- The two-cultures problem — academic elegance vs business relevance
- The balance between offering knowledge and placement opportunities
- Understanding of the global perspective
- Opportunities mapped with the unmet needs of a changing market
- Leadership development vis-à-vis managerial emphasis

The authors summarise their research under three broad aspects: knowing, doing and being. These are seen as the crux of the New Age MBA.

I am in complete agreement with all their arguments, but will go on to add that while we are at a crossroads, we may do well to integrate another level of meaning to the MBA or Master of Business Administration degree. The New Age MBA is about the Mind (integrated and innovative curriculum), Body (pedagogy and delivery) and Attitude (the ethos and value systems critical in today's world to keep away greed and profiteering).

The next model may not be a linear extension originating from the West, but may very well be suggested by the East and particularly India because of our strong heritage in value systems and principles.

The ease with which Datar et al. have articulated their thoughts is commendable. The format is an instant hit — the integration of the case studies to explain vital points is a great way to retain reader interest while ensuring an instant connect and understanding. A must-read for academics, practitioners and students. ⊙

The reviewer is Founder and Dean of Great Lakes Institute of Management, Chennai

My only mild gripe is that Indian and Chinese schools have not found a place in the book...they are integral to any discussion with a global perspective.

BOOKMARKS

Behind the Berkshire Hathaway Curtain: Lessons from Warren Buffett's Top Business Leaders

By Ronald W. Chan

Wiley

Pages: 178

Price: Rs 1,233

Over the years the guru of investment has accumulated a fine blend of managers to multiply wealth. This book attempts to showcase their culture of achievement.

Retooling HR: Using Proven Business Tools to Make Better Decisions About Talent

By John W. Boudreau

Harvard Business Press

Pages: 212

Price: Rs 995

If talent is scarce, HR rethink is the order of the day. With examples from Google, Microsoft, IBM and Disney, this book offers tools that help managers retain talent.

How to Get an Offer You Can't Refuse

Peer comparison is the biggest mistake executives make when negotiating pay packets with potential employers. BY SAUMYA BHATTACHARYA

How does one negotiate salary in a new job? Asim Handa, Country Manager of Futurestep, a firm that specialises in mid-level executive search, is often asked this question. Candidates sail through interviews but flounder when organisations begin discussing the compensation expectations with them. "I have seen people messing it up right at the end. Negotiating salary is an art and not everyone has it," says Handa. True, while everyone wants to earn more, very few have the knack for walking away with a good bargain.

HR experts will tell you that it is about demand and supply. Your negotiating powers go up if companies are looking for talent with the specific skillsets you have and if there's a shortage of that skillset in the market. But this rule applies to senior-level salary negotiations, and is person- and company-specific. What we are concerned with here are the broad dos and don'ts that one can follow while negotiating a pay packet for a job at the junior and middle levels.

VIVAN MEHRA

First and foremost, should you at all negotiate the salary? Use your judgment. Some organisations have reasonable salary structures and you may not need to negotiate at all. On the other hand, some organisations may view a candidate with suspicion if he does not negotiate — they may think the candidate has something to hide. "Some organisations look askance at a person who is not negotiating," says Padmaja Alaganandan, India Business Leader, Human Capital, at Mercer.

What is a reasonable hike? "That may depend on a lot of factors in term of the economy and the demand for your profile. But an acceptable hike is 25-30 per cent across most sectors," says Handa. If someone wants a 60-70 per cent hike, he had better have a good reason for it, adds Handa. Also, be very prudent about basing your demand on what your peer group is earning. In most cases, such a yardstick does not work to one's advantage.

Self-esteem and recognising your worth are virtues in today's workplace, but don't measure these only by the compensation you can command. When you are moving jobs, you should be cognizant of your value and what you bring to the organisation, but at the same time you should respect the internal equity (pay structures and designations) that exists in the organisation. Some companies may not want to compromise on internal equity even for outstanding candidates. Get to know the organisation you are going to, says Alaganandan.

Sometimes, putting a high value on what you bring to the organisation can turn out to be counterproductive. A hefty hike can work to your disadvantage, particularly if you take time to settle and start contributing. "You then tend to be an outlier with a lot of pressure to perform," says Alaganandan. ⊙

DOS AND DON'TS OF TALKING MOOLAH

- Don't reveal your salary expectations. Wait for the company to make an offer
- Look at the compensation structure closely. If it is reasonable, there is no need to negotiate
- That said, negotiating a salary package is acceptable across most industries and levels
- If you are not comfortable with the package, convey that it's probably not up to the mark
- Gauge your skills and also understand the employer requirement

AN APPEAL

LEH FLASH FLOODS R

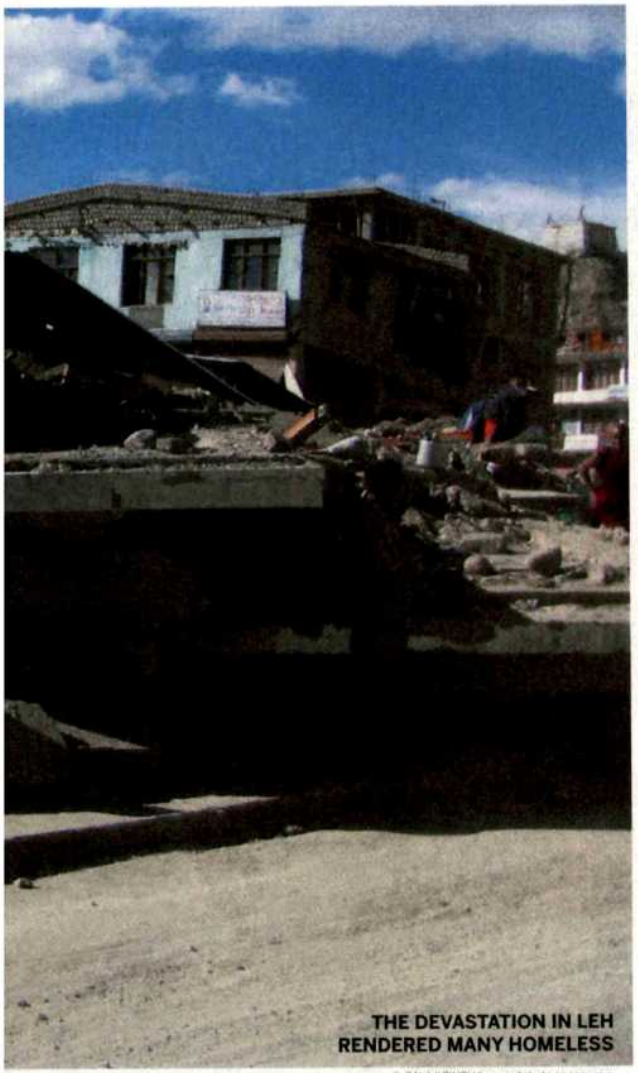
The flash floods that were triggered by the freak cloudburst on the night of August 6 in Leh caused massive destruction, claiming 180 lives, besides severely damaging the District Hospital, the BSNL office, the bus stand, the secondary school and markets. Over 1,500 houses were destroyed and many families were rendered homeless. Those affected need shelter and adequate clothing to safeguard themselves from the coming harsh winter.

The natural calamity wreaked havoc in 36 villages, devastating crops and making agricultural land useless. Cleaning the agricultural land and repairing the water supply systems that were severely affected are critical to survival of the farming communities. Responding to the needs of children, pregnant women and lactating mothers, CARE TODAY has provided a grant of Rs 2.5 lakh to Save the Children, a well-known NGO, to purchase 10 special tents. This grant would help set up Child Friendly Spaces to support their education activities, besides providing safe spaces for pregnant women and lactating mothers. It will also support psycho-social care activities of Save the Children.

Thanks to the generous contributions from the public, CARE TODAY has in the past been able to help the affected, be those ravaged by the war in Kargil, earth-quake in Gujarat or by the Kosi floods in Bihar. CARE TODAY is sure that this appeal to support relief and reha-bilitation activities among the affected communities in Leh will generate the same response. All contributions of Rs 5,000 are being acknowledged.

:LIEF FUND

CARE TODAY appeals to the readers to donate generously for the rehabilitation of the flood-affected people in Leh



THE DEVASTATION IN LEH RENDERED MANY HOMELESS

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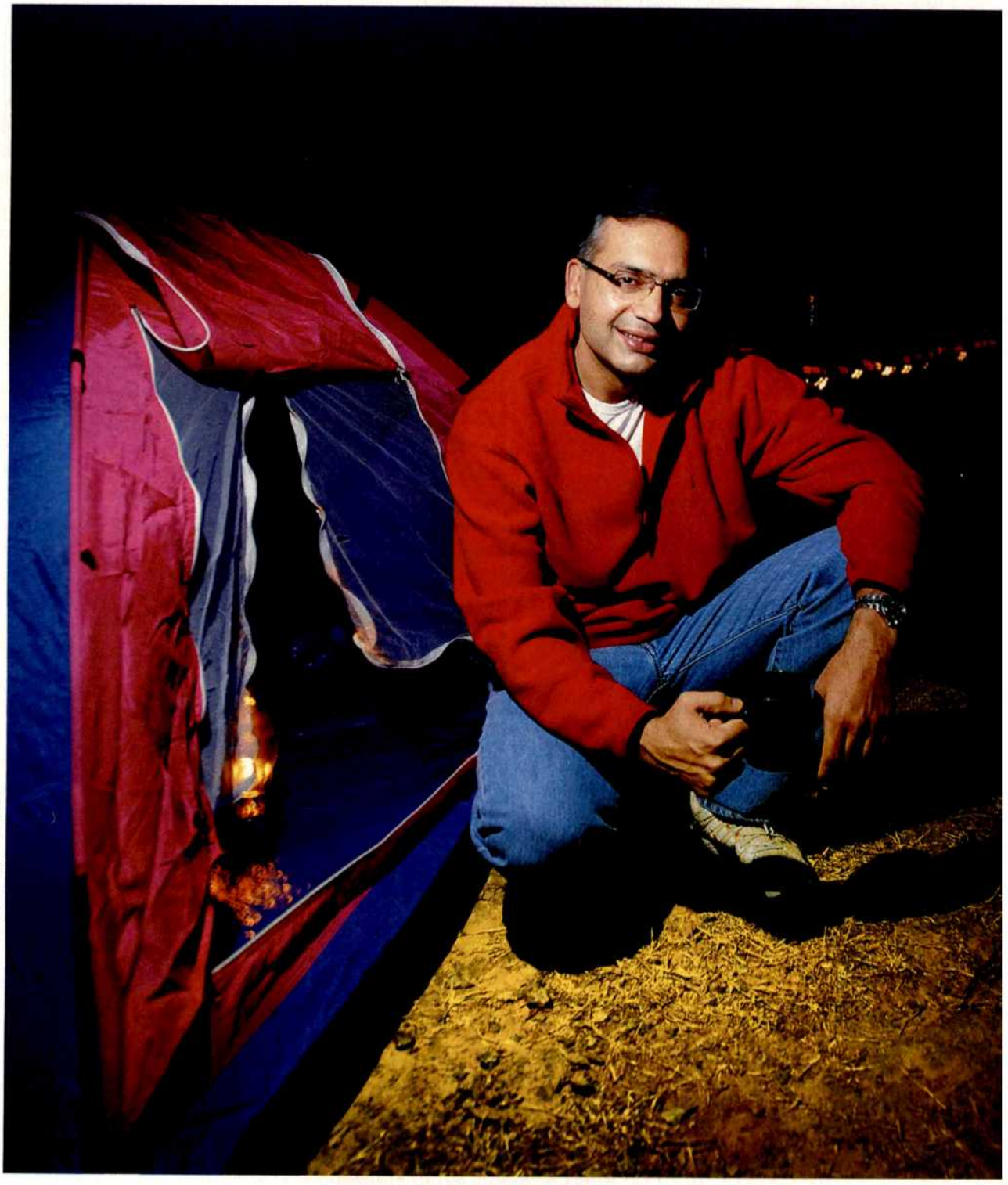


VIVAN MEHRA/www.indiatodayimages.com

Deep Kalra

CEO, MakeMyTrip

Base Camp at NASDAQ

It was the day the traders saluted the trippers. On August 12, when DEEP KALRA clanged the opening bell on the NASDAQ stock market in the United States, it was a gratifying moment for the founder and CEO of MakeMyTrip.com, and its 750-odd employees (who call themselves 'trippers'). Arguably India's best-known online travel portal, the decade-old MakeMyTrip raised $70 million via a wildly-successful IPO that was oversubscribed several times over. In the process, the company now rubs shoulders with Google, Yahoo!, eBay and Amazon, as well as Chinese search engine stocks Baidu and Sohu. On the day the stock listed, its price went up from $14 to close at $26.25, a climb of 89 per cent, making it one of the most successful opening days on the US exchange since the dotcom bust in 1999-2000. On September 8, a day before *BT* went to press, MakeMyTrip was still headed north, closing at $33.65. But why did Kalra make the trip to the NASDAQ and not to good old Dalal Street? "The NASDAQ is the spiritual home of technology companies," says Kalra, who turned 39 recently. "We are the first Indian consumer-oriented company to list in the US. Investors have heard of the Indian consumer story and this was an opportunity to invest in it," he adds. Kalra reckons – with his tongue firmly in his cheek – that the happiest people should be his competitors because "by going public, we have shown the way." So who's next in line to make the trip?

KUSHAN MITRA

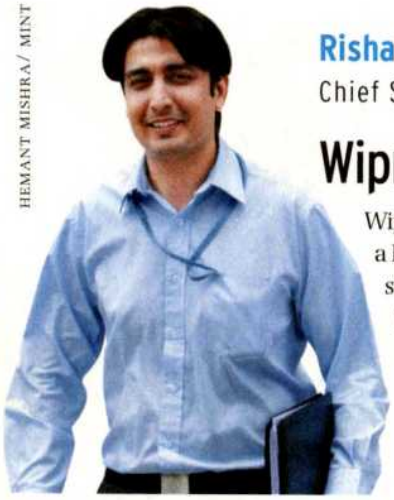
Arvind Bremanandam
Founder, Chennai Event Management Service

H.K. RAJSHEKAR

Autos Rally This Man

In early August, a motley crowd of Americans, Canadians, Australians, New Zealanders, Britishers and Africans was seen test-driving autorickshaws along Chennai's beach. They were in India to participate in the Mumbai Xpress, a 14-day rally from Chennai to Mumbai, a distance of some 2,000 km. There were no maps or GPS gadgets and the participants had to find their own way by making enquiries and savouring local food on the way. **ARVIND BREMANANDAM**, 33, the man behind this unique event, says: "It is for fun and to get the foreigners to experience the real culture of India and meet the man on the street." Five years ago, when he decided to set up Chennai Event Management Services, a business involving rallies, corporates showed little interest. But that's changing. Now, he plans to go national to tap pan-India sponsors.

NITYA VARADARAJAN



HEMANT MISHRA/ MINT

Rishad Premji

Chief Strategy Officer, Wipro Technologies

Wipromotion

Wipro Chairman Azim Premji's son **RISHAD**, 33, a Harvard B-school graduate, is in the final stages of his ascent to the top of the company. Recently, he was made Wipro's Chief Strategy Officer. With MNCs on the march in India and rivals like Cognizant snapping at Wipro's heels, his biggest challenge may just be around the corner.

RAHUL SACHITANAND

MONEY SHARMA

Kate Robertson

Chairman, Euro RSCG UK

You're Only as Young

KATE ROBERTSON, Chairman of the UK advertising agency Euro RSCG and Co-founder of One Young World forum, was in Delhi recently to launch the One Young World's India chapter. Billed as the 'Young Davos', the forum drew over 800 youngsters from 100 countries to London earlier this year. They got to interact with – and suggest solutions on various issues plaguing the world – former United Nations Secretary-General Kofi Annan, Nobel laureate Archbishop Desmond Tutu, among others. "The hoo-haa has been necessary. Do you know of any international association that highlights the youth," asks Robertson, who will turn 55 shortly.

SHAMNI PANDE

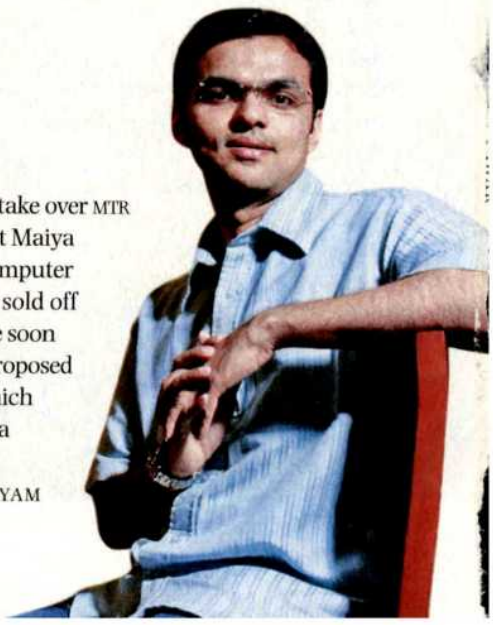
Sudarshan Maiya

Proprietor, Maiyas, Bangalore

Ego.Id.SuperIdli

It was a childhood dream for **SUDARSHAN MAIYA**, 27, to take over MTR Foods, which his father Sadanand Maiya had built. But Maiya Senior was keen on his son leveraging his degree in Computer Science. One fine morning in early 2007, Sadanand sold off his business. Sudarshan was disappointed but firm. He soon registered 'Maiyas' as the name of the restaurant he proposed to open. Today, the five-floor vegetarian restaurant, which serves multiple Indian cuisine, has turned out to be a landmark in south Bangalore.

K.R.BALASUBRAMANYAM



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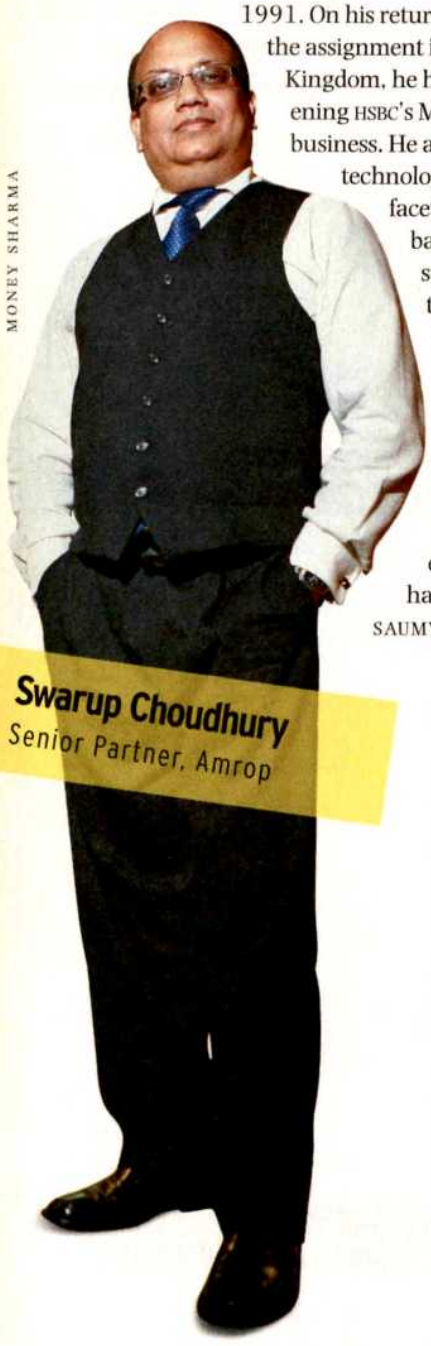
Searching for Passion

SWARUP CHOUDHURY, Head of IBM's Global Financial Services for Growth Markets Worldwide until recently, has moved to Amrop, a leading global executive search firm, as a Senior Partner. Unconventional moves are not new to Choudhury, 51, who was handpicked by Brian Goldthorpe, the former Deputy Chairman of Midland Bank, to navigate through the crisis after the collapse of Bank of Credit and Commerce International, or BCCI, in early 1991. On his return to India from the assignment in the United Kingdom, he helped in strengthening HSBC's Merchant Banking business. He also launched a technology-based critical facet that helped the bank to provide superior transaction banking services. Says Choudhury: "For the moment, my passion is building next generation leaders and I now have a platform."

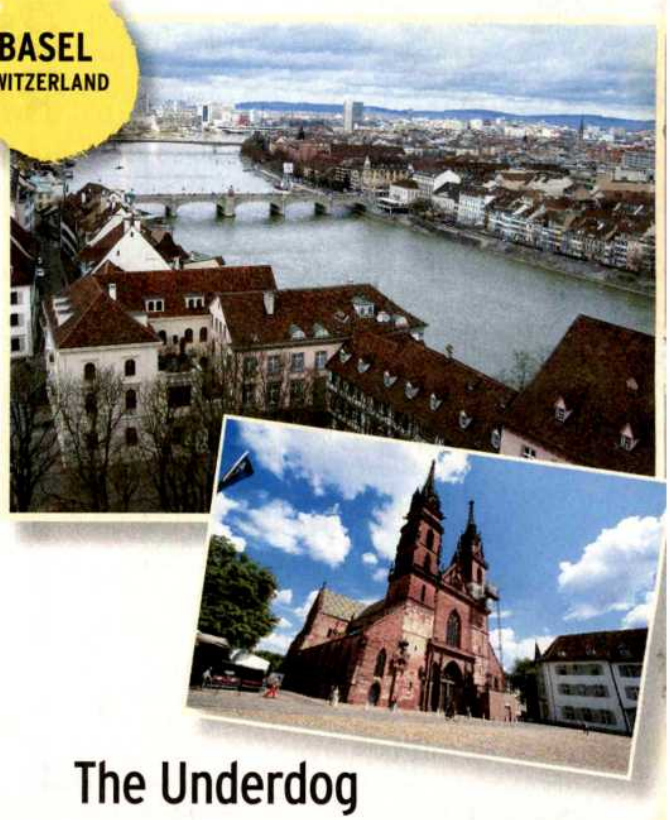
SAUMYA BHATTACHARYA



MONEY SHARMA

Swarup Choudhury
Senior Partner, Amrop

BASEL
SWITZERLAND



The Underdog

A typical holiday to Switzerland may not have Basel in the itinerary, but the country's least appreciated city, home to many international banking agreements (read Basel norms), has many attractions, including some two dozen museums. The old town has fine buildings like the Münster (Cathedral) and the renovated City Hall. Take time to walk along River Rhine and don't miss the Roman town Augusta Raurica, which was home to 20,000 people before being destroyed by Alemannic raiders nearly 1,800 years ago.

N.MADHAVAN

Gmail Priority Inbox

Saving E-mail, Again

When Google launched Gmail, it changed the paradigm of web-based e-mail by offering immense amounts of storage and a spam filter so strong, you started to miss the scam mails. However, with plenty came a problem — lots of genuine non-spam but useless mail, and buried in that pile were important e-mails from co-workers, friends and lovers, which often got lost. Gmail's latest priority e-mail feature, which is being rolled out slowly, sorts out the mails you need to read from the pile. ⊙

KUSHAN MITRA

Little Lord

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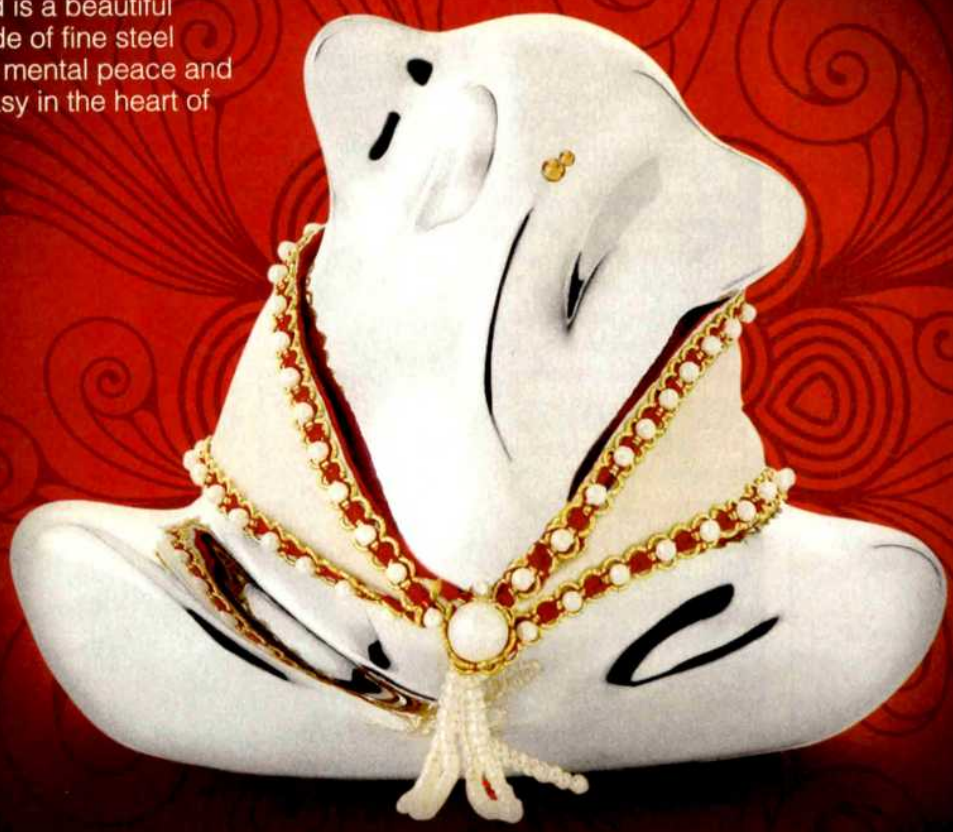
The Little Lord is a beautiful sculpture made of fine steel which evokes mental peace and spiritual ecstasy in the heart of devotees.



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WIM ELFRINK,

Executive Vice President, Cisco Services, and Chief Globalization Officer, Cisco

My leadership style

- ☐ Delegative
- ☑ Participative
- ☐ Authoritative
- ☐ All of the above

The political leader I admire the most
Mahatma Gandhi

The business leader I admire the most
Ratan Tata

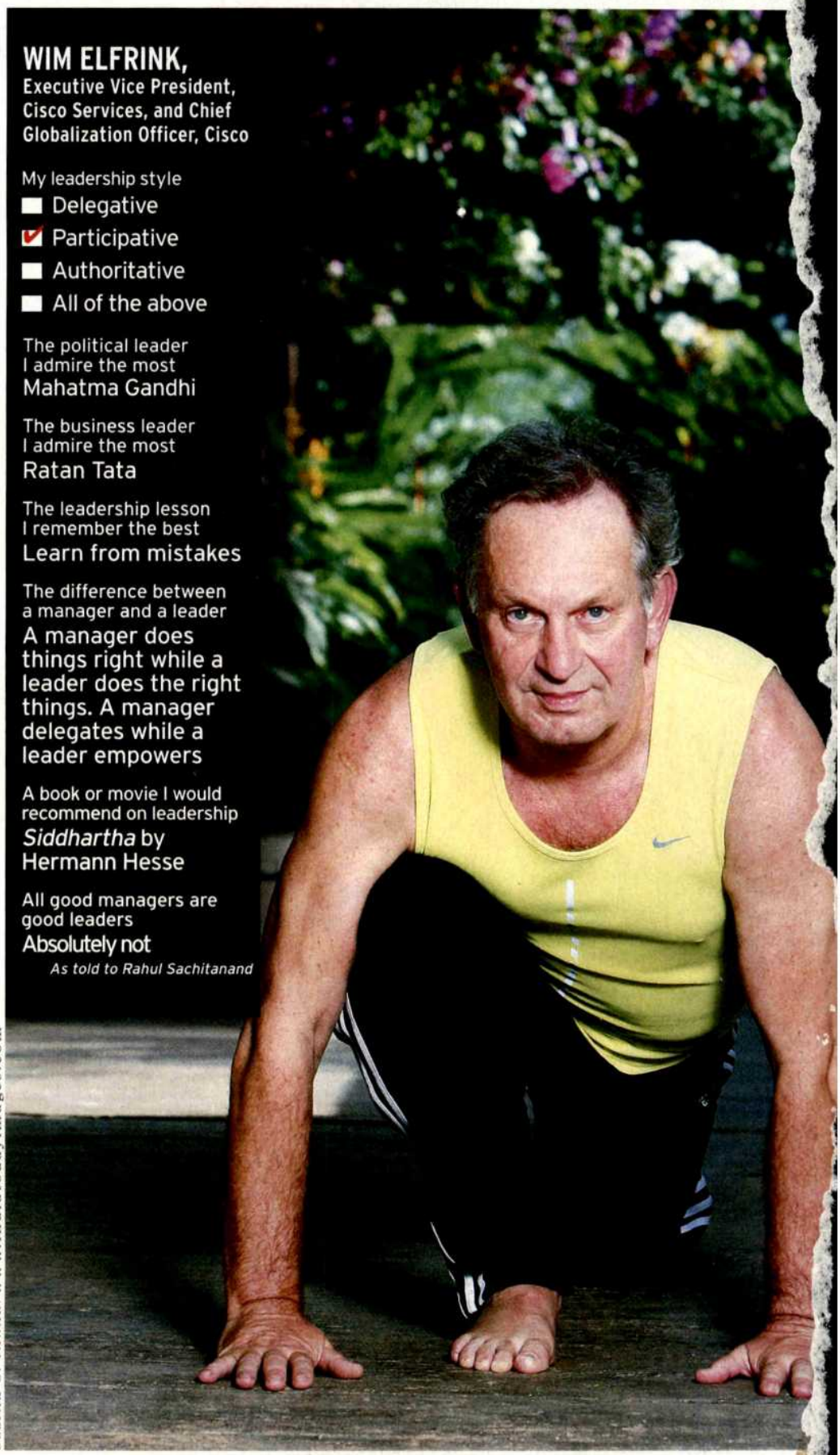
The leadership lesson I remember the best
Learn from mistakes

The difference between a manager and a leader
A manager does things right while a leader does the right things. A manager delegates while a leader empowers

A book or movie I would recommend on leadership
Siddhartha by Hermann Hesse

All good managers are good leaders
Absolutely not

As told to Rahul Sachitanand



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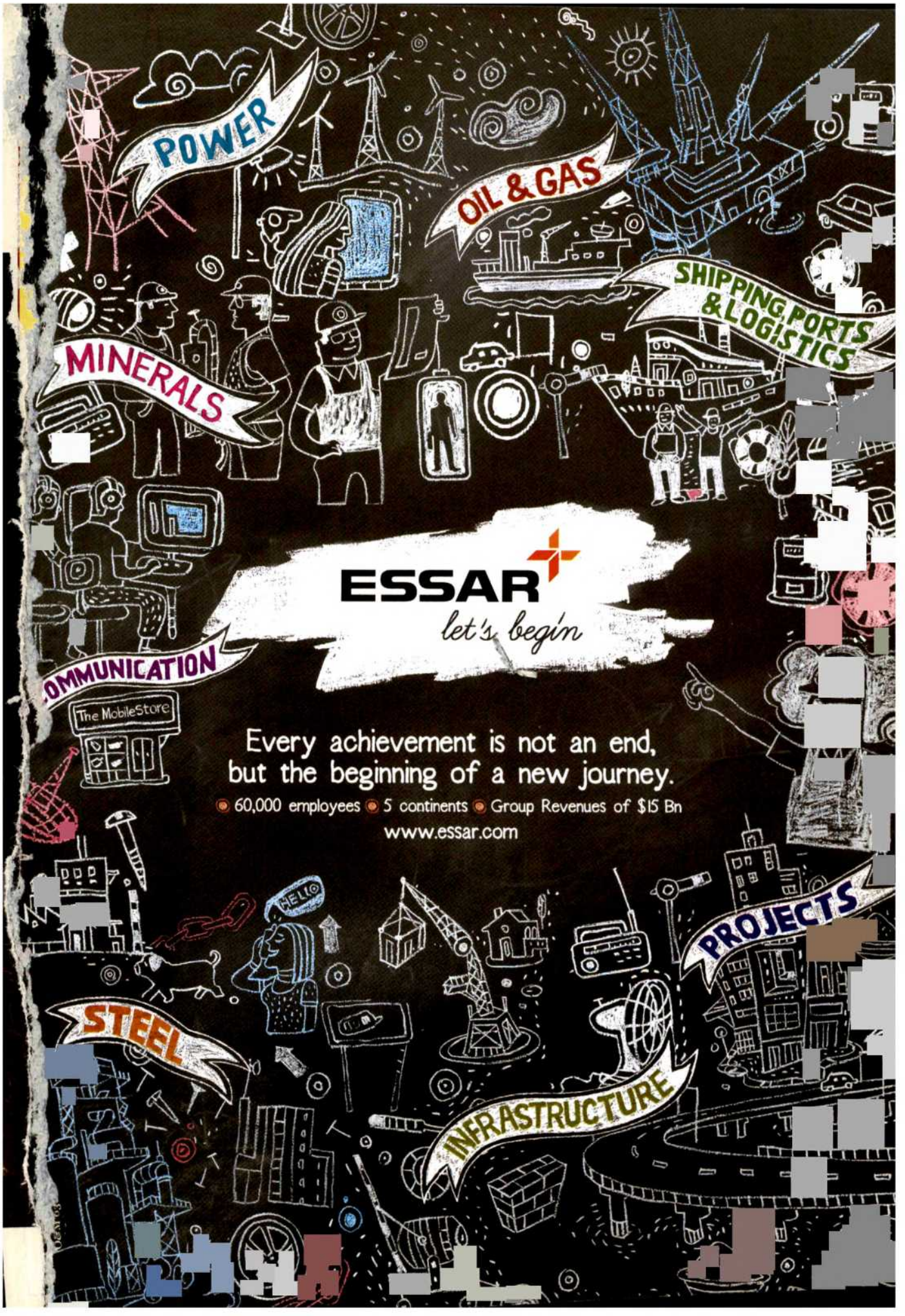
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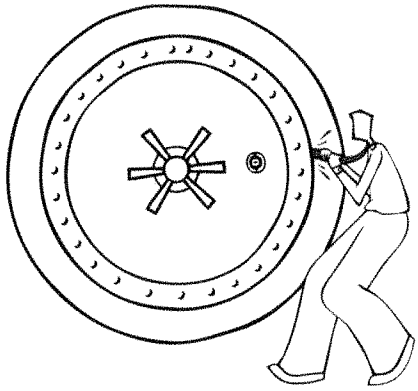

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